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Canada's Weekly Newsmagazine
January 31, 2000

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This Week

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Canada's Weekly Newsmagazine
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Departments

Columns

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ROGERS MEDIA

Cover

Slow and steady wins the race, or so mutual fund investors are frequently told. But that's not how it was in 1999. Canadian stock funds generated an average return of 20.9 per cent, but the big money was in Internet-related stocks and foreign equity markets, especially Japan

Features

Special Report

After staying home with their loonies for a few winters, Canadians are planning a renewed assault on southern beaches. They also appear in the mood for adventure

Graphic images of gum disease and tumours are to cover half the front of cigarette packages, reminding purchasers of the consequences of their habit.

The federal government hastily pulled its offer off the table after Canadians from coast to coast lambasted a proposed aid package for NHL teams in Canada.

Bulletin: Doctor takes night calls

The province of British Columbia is conducting a useful pilot project to determine if a health information hotline in Victoria will cut down on unnecessary visits to the emergency ward. The cost of the study is $600,000. What that means is that more than 25 such projects could have been funded around the country for the amount of money that the federal government was prepared to dole out to the NHL's fat cats last week. And take the real money the federal Liberals spilled on poorly supervised job-creation schemes—at a time when there is a chronic shortage of doctors and hospital beds. What Canadians saw last week was the Chrétien government's total disconnect from the lives of the people. Clearly, leadership ambitions overcame judgment, as ministers flamed out. Industry Minister John Manley dropped his proposed NHL welfare bum fund. And Human Resources Minister Jane Stewart, a putative leadership aspirant herself, had to fess up that her $1-billion jobs program was a mess.

All of that was a long way from the reality in the downtown Toronto offices of Dr. Fred Freedman, a general practitioner who is one of the movers in a small movement that is trying to do something to improve the delivery of health care. In his profession, Freedman's commitment is controversial and criticized: he is among a minority of Canadian practitioners who does not charge separately for each visit—known as fee-for-service—his patients sign up (known as rostering) and medicare pays him a monthly fee averaging $10 no matter how many times they come to the office.

Freedman is part of a program started in the late 1970s by the Conservative government of Bill Davis. Maligned as the program is in some quarters, one advantage is that Freedman and two colleagues guarantee that someone is available 24 hours per day when a patient calls. Unlike most docs, they do not automatically refer patients to hospital emergency rooms after hours.

Many doctors oppose rostering because they don't want to work for a salary. Critics also say the system encourages "skimming," with physicians taking on only healthy patients, and delivering fewer services to patients to save time and money. Freedman counters: "We can't turn away people just because they are going to see us a lot." He also points out that if there is a financial incentive, it is that the better the health of his patients, the fewer visits they will make to the doctor. A bonus for patients—and budgets in the health system—is that phone consultation is much more common; calls are not covered in the fee-for-service system. For government and physicians, the key is predictability: the cost of a rostering system can be set at the start of each fiscal year and the doctor knows exactly what his income will be.

It may not yet be an idea whose time has come. But rostering clearly is another tool in the effort to untangle the complex issues of the health-care delivery system. It is time for the Liberals in Ottawa to stop their underground leadership campaign and start dealing with real issues—like life and death.

Robert Lewis

response@macleans.ca to comment on From the Editor

Newsroom Notes

Financial ranking

Since *Maclean's* began ranking mutual funds three years ago, the number of funds available in Canada has almost doubled, to 2,721, from 1,447 at the end of 1996. Little wonder that many people are confused when it comes time to invest. No single method of rating funds can possibly suit every investor, so right from the start *Maclean's* has used a variety of tools, taking into account a fund's volatility, its consistency and its performance over several time periods rather than a single year. The goal is to help readers find the funds that best suit their own needs, recognizing that every investor's circumstances are unique.

This week's special report was co-ordinated by Senior Business Correspondent Ross Laver, who also edited *The Maclean's Guide to Personal Finance 2000*, now on sale across the country. Assisting him were Senior Writer Barbara Wickens, Correspondent Diane Forrest and Researcher-Reporters Catherine Roberts and Patricia Treble. The package was designed by Assistant Art Director Eric Legge.

Senior care

I found the information in the Jan 17 cover story ("All in the family") all too familiar, having gone through finding a long-term-care bed for my 87-year-old mother this past summer. I read with horror and disgust about the effects that long-term care has had on some residents. I thought how fortunate my mother was in being able to reside where she is, with the loving, caring staff employed there. Then, we made our weekly trek (we drive about 270 km every Saturday to be with my mother) and discovered that the day before there had been an incident with one staff member and my mother that closely resembled neglect or abuse. I was shocked to realize that what I read could be very real, no matter how good things seem on the surface. All it takes is just one employee to seriously put residents at risk.
Else-Carine Risberg, Dryden, Ont

As a baby boomer, a health-care professional and daughter of two parents who required extensive care for years before they passed away, I found the stories you told of caregiver guilt, exhaustion and disappointment in the health care system heartbreaking. However, I think that if you had looked a little harder, you would have found families who have been well-served by the system. It is just as important to know the ingredients of good care as it is to illustrate the consequences of poor care. Articles such as yours are critical to raising public awareness, with the end result, we hope, of creating change in federal and provincial health policy.
Margaret MacAdam, Senior vice-president, Baycrest Centre for Geriatric Care, Toronto

I have been a full-time personal-care aide for the past 10 years at a nursing home. I love the residents. They become your friends and are like family to you. Believe me, I want to do more for the residents, but what it boils down to is there is not enough funding, not enough staff and, therefore, not enough time. Proper care for loved ones is the responsibility of the nursing home, but it is also the responsibility of the family. The family should be making sure that their loved one is being cared for the way they want and making sure their loved one's needs are being met.
Kathy Barss, Edmonton

As a recently retired administrator/director of nursing in long-term-care services in Charlottetown, I felt that your article reflected what was happening 50 years ago in delivery of services to the elderly. Our long-term-care facilities are accredited and licensed and have to meet standards that are set by our provincial department of health and social services. I feel the article was very negative and, I am sure, made our elderly population unnecessarily apprehensive about their future.
Clara MacLeod, Fairview, P.E.I.

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The human spirit

Thank you so much for revealing the disgraceful realities of institutional care, particularly for those with Alzheimer's disease ("Hidden heartbreak," Cover, Jan. 17). Your journalists perceptively uncovered the drain on family caregivers, the dearth of services and the cruel journey to death involved for some of our loved ones. But despite the array of challenges involved in helping to care for my father, it was the most profoundly moving and powerful experience of my life. Like Andrew Ignatieff, I discovered and connected with the essential humanity of my dad. Even in the final stages of Alzheimer's, the human spirit remains there behind the blank eyes, the listless body and the inability to communicate. Bravo to all who are trying to reform the system, and who are putting the "care" back into caregiving.
Elin Maki Flora, Lively, Ont.

Tears welled up in my eyes throughout the whole article, especially the part about my late grandfather Thomas Kambeitz of Lethbridge, Alta. I felt the pain of losing him again, and the heartache that the other families are going through due to the harsh cutbacks in an area where there is a desperate need for more attention and funding. The Canadian government should be ashamed that our elders are being treated like second-class citizens. How come they are not being given the respect, care and compassion they deserve? This is a wake-up call.
Lisa Cornell, Edmonton

With respect to seniors who need more care than they or their families are able to provide or afford, your articles only skim the surface of the problems. The "Alberta Advantage," courtesy of Alberta Premier Ralph Klein and Co., includes neat bureaucratic solutions such as encouraging private-care facilities, which are expensive and often of poor quality. The regional health authorities are carefully organized so there is no accountability to consumer or taxpayer, and their services are neatly separated so

there are lots of cracks to fall through This is not a reorganization of health care, it is pillaging. There are ways to do things better Why have we been so accepting of this horror?
Carol Wodak, Sherwood Park, Alta

I am 90 years old and my wife is 88, but we are still able to live together in our own condominium with no assistance However, at our age, we don't buy green bananas, as the saying goes The answer to the problem of the aging senior population is more and better home care, as opposed to incarceration in some dubious nursing home. This can easily be accomplished by hiring back the thousands of nurses deemed redundant by hospital closings and cutbacks
Frank E. Heard, St Catharines Ont.

You accurately highlight many of the issues facing senior care in Canada today However, your conclusion that cases of institutional abuse and neglect are widespread is, frankly, unfair In long-term-care facilities across the country, thousands of workers and volunteers strive to create a meaningful life for the seniors under their care Targeting them as abusive and uncaring is a disservice to everyone
Judy Evans, Lynden Ont

While Michael Decter offers some much-needed solutions to the health-care story ("A plan to end the hospital crisis," Health Essay, Jan. 17), I would like to suggest a private health-care alternative I can already hear the accusations echo across the country: it isn't Canadian But what is quickly becoming Canadian? No health care We can pay private facilities to alter our physical appearance, but we cannot pay private facilities to ease pain and suffering Where is the logic?
Diane Bisaro, Vancouver

Nobody's watching

The real tragedy of the dustup between the CBC and the Canadian Radio-television and Telecommunications Commission is that virtually nobody other than the combatants gives a damn ("Bob Rabinovitch says no," Canada, Jan 17) It would be interesting to know how many Canadians under 30 have even watched a CBC television program other than a hockey game. The CRTC, of course, would eliminate hockey games Frankly, it probably no longer matters what the CBC or the CRTC do After all, it's not as though the nation is exactly watching
Brian Martin, Surrey B C

Impossible power

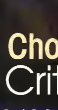
In your Jan. 17 issue, you give only a passing reference to an engineering accomplishment that will have a profound impact on the world, a technological breakthrough that will allow us to dispense with nuclear power plants and the burning of fossil fuels Buried in a small item entitled "Jamming with Gates" (Opening Notes/Explorer) is the astonishing news that engineers have perfected a battery-power system with an output of "60 megawatts"—enough to provide 60,000 homes with electricity—and they made it small enough to fit inside a portable music player. (Or could it simply be that *Maclean's* doesn't know the difference between a megawatt and a milliwatt?)
Ian McLaurin, Nepean, Ont

In Scott's memory

If Allan Fotheringham must insult a man who died in the pursuit of science, he could at the very least address him by his correct name ("On hanging with penguins," Jan 10) He refers to the British Antarctic explorer Robert Falcon Scott as Ronald He also errs in stating. "There is only the memory of the stupid Scott who was so ill-prepared that—before he and his four mates froze to death—they ended up pulling the dogs " Scott did have 35 lb. of rock samples that he refused to dump on the return journey from the Pole, but no dogs
Dan Noble, Stratford, Ont.

Automotive Marketplace ONTARIO

Choice of Fuel is Critical



Dennis DesRosiers

Automotive companies take a lot of heat. After all, aren't these the companies producing those monster trucks that spew all kinds of smog-causing pollutants into the air? A tempting stereotype, but the facts reveal a different picture The automotive industry has actually spent billions to reduce harmful emissions since the pre-control era and claims considerable success

Of the three main pollutants, which are the target of environmentalists, hydrocarbons (HC) have been reduced by 98 per cent, oxides of nitrogen (NOx) by 90 per cent and carbon monoxide (CO) by 96 per cent. In certain areas of the world the air quality of vehicle exhaust is cleaner than the air entering the intake system Moreover, the industry will be voluntarily introducing low emission vehicles (LEVs), fuel cell vehicles and a number of alternate fuel vehicles over the next few years These will further lower emissions, including NOx by 95 per cent and HCs by 99 per cent without negatively affecting vehicle performance.

These initiatives have been very beneficial not just for the environment, but also for consumers. Fuel injection, electronic ignition systems and lead-free fuel are responsible for better fuel economy, less maintenance and better vehicle performance — all very beneficial for the consumer

Canadians are quite responsible with their vehicle purchases when it comes to the environment. On a market share basis, we buy twice as many environmentally friendly mini-vans as Americans and half as many sport utility vehicles The most popular passenger cars purchased each year are usually environmentally friendly compact vehicles such as the new Ford Focus, Chevrolet Cavalier and Honda Civic.

But more needs to be done on the environmental front. An example is the need to reduce the amount of sulphur in gasoline Today's advenced vehicle technologies operate best on low-sulphur fuels that are specifically formulated to improve performance and to reduce smog-causing emissions. Most people do not realize that motor vehicle emissions are a function of BOTH vehicle technology and fuel

technology/formulations You can drive the most environmentally friendly vehicle available but if you put the wrong fuel into it much of the environmental improvement will be negated. In fact, some fuels can render the emission devices on a vehicle permanently ineffective.

To address this problem, all automotive manufacturers have developed a high quality fuel specification called *Auto Makers' Choice* gasoline Use of the *Auto Makers' Choice* is licensed (for $1) by the industry to fuel providers, for use on pumps where gasoline that meets this specification is available.

The problem is that currently very few oil companies offer the fuel at their pumps although all oil companies and independent fuel retailers are being invited to join the program. Irving Oil is the first oil company to embrace the program and will shortly have *Auto Makers' Choice* fuel available for all grades of gasoline Other oil companies are giving the proposal serious consideration Interestingly, the federal government will require all fuel to meet lower sulphur guidelines in two stages — the first scheduled for 2002 and the final by 2005.

All gasoline retailers will eventually have to sell low-sulphur gasoline as the federal regulations come into effect. The *Auto Makers' Choice* program gives participating oil companies a chance to distinguish their products and meet customer demand by offering low sulphur fuel early, as well as by eliminating metal additives, and enhancing positive deposit control additives

This national Canadian program has a number of objectives:

1. **To encourage the availability of fuels specifically formulated to optimize vehicle performance and minimize emissions.**
2. **To recognize oil industry leaders offering these specific fuels.**
3. **To educate consumers about fuels.**

THE NEW **SUBARU** FORESTER 'DYNASTAR'.
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For many people skiing is an obsession It's more than just a winter sport It's a reflection of their lifestyle But to get to the slopes and back can sometimes be a real hazard Snowy, icy and slippery road conditions are for most drivers a nerve-wracking experience It can ruin a perfect weekend That's why the folks at Subaru introduced their new Forester 'Dynastar Edition' A car made for ski enthusiasts who like peace of mind getting to and from the slopes, no matter what kind of weather conditions are out there

AN UNCOMPROMISING PACKAGE WITH ELEGANCE AND FUNCTIONALITY

Subaru, which is well known and recognized for its extraordinary reliable All-Wheel drive system, has equipped this special Forester Dynastar Edition with many extras to make your driving a more pleasant experience Heated front seats and leather wrapped steering wheel, shifter and brake lever, metallic body cladding and bumpers, are all part of the package, including a ski carrier and a **free** pair of Dynastar skis, or if you prefer an 'Original Sin' snowboard But that's not all running boards keyless entry, an 80W 4-speaker stereo air conditioning cruise control, a luxurious 'Silverthorne' metallic paint finish and many more features makes this a vehicle to boast about

KEEP THOSE WHEELS ON THE ROAD

The Forester provides outstanding traction and the superior control of its full time All-Wheel drive give drivers greater mastery over adverse road conditions A computerized sensor system actually monitors driving conditions, detecting changes in wheel speed and virtually instantly adjusting the amount of power delivered through the transmission from the engine to the wheel

LEADING EDGE TECHNOLOGY AT ITS BEST

The 'Dynastar", like all Subarus, features a "boxer" engine in which the pistons move horizontally instead of up and down This 2 5 litre SOHC 165 hp configuration not only provides a smooth, responsive performance but also a lower centre of gravity due to the engine's design As a result, the vehicle is better balanced and more stable while cornering Subarus also offer rack and pinion steering and 4-wheel independent suspension, which delivers not only precise steering but also a comfortable ride Braking, too, is where the Subaru delivers exceptional features with a 4-sensor, 4-channel ABS system designed to prevent wheel lock up even in emergency situations

WRAP-AROUND SAFETY.

A number of other design features have been developed with safety in mind The occupants are protected by a steel safety cage which is wrapped around by front and rear crumble zones, side impact door beams, a collapsible steering column and standard dual front airbags The engine is placed so that in the event of a frontal impact it will move down and under the passenger cabin As a matter of fact, the Insurance Institute for Highway Safety classified the Subaru Forester in an independent test with the highest crash test safety rating, superior to all other SUV's including the Honda CRV and the Toyota RAV

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To be eligible for the *Auto Makers' Choice* program, oil companies must provide fuels that meet a set of requirements today and/or meet the increased stringency of the 2001 requirements. The *Auto Makers' Choice* logo will identify pumps selling gasoline that complies with these auto industry fuel specifications. Oil companies must provide documentation to certify compliance with program requirements. Independent audits are planned to protect the integrity of the program.

Auto Makers' Choice denotes a specific fuel that meets strict specifications, including less sulphur, positive combustion chamber deposit controls, no heavy metal additives, and enhanced driveability characteristics. It is based on existing Canadian General Standards Board guidelines and on the World-Wide Fuel Charter guidelines, which all automotive manufacturers have globally developed and promoted. In addition, the standards developed by these agencies are scheduled to be toughened in 2001. *Auto Makers' Choice* fuel will then have to meet these higher standards.

According to Maureen Kempston-Darkes, President and General Manager of General Motors of Canada, "If all 17 million light vehicles on the road in Canada could access *Auto Makers' Choice* gasoline, it would be the equivalent of eliminating the smog-causing emissions from almost two million cars and light trucks." In addition, using this fuel would help many vehicles pass their annual emission test required in certain provinces. To accomplish this two things will have to happen: First, all oil companies will have to offer the fuel and second, consumers will have to use it.

The automotive industry is working hard to convince oil companies to join the program and consumers should ask their fuel provider when the fuel will be available. Consumers also benefit from a cleaner environment. In addition, vehicles that are properly maintained and operated responsibly typically have better fuel economy. That saves a lot of money, especially with today's high gasoline prices.

Publisher Paul Jones

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The Audit Bureau

Maclean's
Canada's Weekly Newsmagazine

Editorial Update

The Maclean's Guide to Personal Finance 2000

Packed full of useful tips, expert analysis and little-known ideas for getting the most from your money, *The Maclean's Guide to Personal Finance 2000* is an

indispensable tool for Canadians of all ages and incomes. Organized into five chapters, starting with advice on choosing a financial adviser and ending with a definitive 10-year rating of 1,266 mutual funds, this year's edition is the result of five months of work by a team headed by Ross Laver, one of Maclean's foremost business experts. With articles on investment strategies, home renovations, vacation properties and surviving a debt crisis, among many others, this guide has something for everyone concerned with their finances.

Priced at \$7.95, *The Maclean's Guide to Personal Finance 2000* is now available at bookstores and newsstands everywhere.

Newsstand Notes

Designed with subscribers in mind, the Maclean's new Web site (www.macleans.ca) offers full access to all of the news, stories and profiles featured in the current issue of the magazine, available on the Sunday before the printed magazine hits newsstands. As well, Maclean's subscribers have access to a searchable archive of issues from the past six months—perfect for school assignments or business needs—and can review the status of their subscriptions. Non-subscribers are invited to scan highlights of all the stories featured in the current issue of Maclean's, plus check out special sections on film, music, technology, personal finance, education and health.

Maclean's TV on CTV

Sundays 11:30 a.m.
Hosted by Pamela Wallin, this weekly half-hour show provides a vivid look at the people and news from the pages of Maclean's. Maclean's TV is television worth watching.

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Opening Notes

Edited by Tanya Davies

A second chance at sight

The wires that pass to Jerry's brain, the computer (right), allows him to see outlines

Dr. John Girvin at the University of Western Ontario in London is leery of reporters. He thinks they get a little too excited by scientific breakthroughs—like the one he is involved in. In 1978, Girvin, a professor of neurological sciences, travelled to New York City, where he operated on the brain of a blind American veteran known only as Jerry. He placed 68 platinum electrodes on the surface of the man's visual cortex in an attempt to improve his vision. But late last year, Dr. William Dobelle, the American scientist who has followed Jerry's progress from Day 1, asked Girvin to operate once again. This time, Jerry travelled to London, where Girvin stabilized the pedestal embedded in the 62-year-old man's skull through which wires pass to reach his brain. Dobelle announced last week that Jerry's prosthesis had restored sight to about 20/400, which is still very limited. Girvin is concerned that journalists will exaggerate just how good Jerry's sight really is. "To go from being blind to a visual acuity of 20/400 is quite an achievement," says Girvin. "But the other side of the coin is if you had 20/400 vision you'd be legally blind."

In a demonstration of his abilities, Jerry was able to walk slowly towards a wall, pick up a hat hanging there and place it on a nearby mannequin. To accomplish the feat, he wore a pair of sunglasses equipped with a miniature television camera and an ultrasonic distance sensor. Cables leading from the glasses feed into a 4.5-kg minicomputer clipped to his belt (the original computer weighed 900 kg). The computer processes the video and distance signals and sends them to a second, smaller computer, which transmits pulses to the electrodes on Jerry's visual cortex. In turn, Jerry sees tiny points of light that outline the edges of objects. If Jerry's vision were improved by a factor of 10 or so, says Girvin, he would no longer be considered legally blind. And how long might that take? "It depends on how much money is available," says Girvin. "I think $2 million or $3 million a year, with the right team, and you'd have something within five years."

Best-Sellers

Fiction

		Position last week
1	**NO GREAT MISCHIEF**, Alistair MacLeod (12)	1
2.	**BLUE AT THE MIZZEN**, Patrick O'Brian (4)	4
3	**TIMELINE**, Michael Crichton (7)	7
4.	**PILGRIM**, Timothy Findley (21)	2
5	**A GOOD HOUSE**, Bonnie Burnard (9)	8
6	**MISS WYOMING**, Douglas Coupland (1)	
7	**ATLANTIS FOUND**, Clive Cussler (3)	6
8	**ELIZABETH AND AFTER**, Matt Cohen (5)	3
9	**DAUGHTER OF FORTUNE**, Isabel Allende (2)	9
10	**BIRDMAN**, Mo Hayder (1)	

Nonfiction

		Position last week
1.	**TUESDAYS WITH MORRIE**, Mitch Albom (3)	1
2.	**HAVE A NICE DAY**, Mick Foley (2)	3
3	**'TIS**, Frank McCourt (15)	2
4.	**THE ROCK SAYS**, The Rock (1)	
5.	**GALILEO'S DAUGHTER**, Dava Sobel (6)	10
6	**FROM NAKED APE TO SUPERSPECIES**, David Suzuki and Holly Dressel (7)	5
7	**SISTERS IN THE WILDERNESS**, Charlotte Gray (10)	6
8	**NO LOGO**, Naomi Klein (1)	
9	**SWITCHBACKS**, Sid Marty (2)	9
10	**KANT AND THE PLATYPUS**, Umberto Eco (2)	7

( ) Weeks on list *Compiled by Brian Bethune*

National ego booster

In *More Canada Firsts* (McClelland & Stewart)—a follow-up to his 1992 best-selling *Canada Firsts*—Duff Conacher manages again to rescue many arcane facts from obscurity. They include the stories of Elsie MacGill of Vancouver, the world's first female aircraft designer, and Walter Chell, who invented the bloody caesar in Calgary in 1969.

Explorer

TV lunch

Joe Lunch Bucket: is it suitable for children?

Give people what they want, isn't that what business is all about? Not always, it seems. In Indianapolis, Thomson Consumer Electronics, holder of the RCA brand name, is mulling over what to do with its wired version of the old noon-hour standard—the lunchbox. Known as Joe Lunch Bucket, the electronic device, which is still in the development stage, resembles a cross between Apple's iMac computer and a normal lunchbox. Powered by batteries, it comes equipped with a 5½-inch LCD screen for watching television. It was originally designed with young professionals in mind, but, according to Joshua Maruska, a senior industrial designer at Thomson, during focus-group studies some parents wanted the portable entertainment centres for their children. The company, however, is concerned that school-age children will watch TV while in class. "We manufacture millions of televisions, so we're constantly under the scrutiny of concerned parents," says Maruska. If nothing else, Joe Lunch Bucket could lend a whole new meaning to educational TV.

Web sites of the week

Ever wonder how to sculpt the bill of a baseball cap into a perfect arc? Or how best to nurse a hangover or what to do with a scratched CD? The Learn2 Web site (*www.learn2.com*) boasts the answers to these questions and hundreds of thousands more. The site uses a simple search procedure to display colourful and entertaining "2torials." A convenient list of step-by-step instructions, required items and the amount of time it should take to learn a new skill accompanies each 2torial, as well as several links to related topics. Easy-to-use and addictive.

Welcome to the 58th century—according to the Hebrew calendar, that is. Calendarzone (*www.calendarzone.com*) is a massive collection of Web sites that lists categories such as celestial, religious, historical and reform calendars. With a little patience, users can discover the current date on the Aztec calendar, when alternate-side parking is allowed on the streets of New York City and why Thursday is named after Thor, the Norse god of thunder.

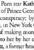
Danylo Hawaleshka and
Michael Snider

Pop Movies

1.	**The Hurricane** (112/4)	$1,383 350
2	**Girl, Interrupted** (116/5)	$1,204,820
3	**The Green Mile** (188/6)	$952 120
4	**Stuart Little** (183/5)	$941 710
5	**The Talented Mr. Ripley** (141/4)	$810,280
6.	**Supernova** (154/1)	$607 660
7	**Magnolia** (91/4)	$544 840
8.	**Toy Story 2** (210/9)	$532 750
9	**Any Given Sunday** (165/5)	$517 050
10	**Galaxy Quest** (132/4)	$508 980

Top movies in Canada, ranked according to box-office receipts during the seven days that ended on Jan. 20. (In brackets: numbers of screens/weeks showing.)
Source: Entertainment Data Inc.

Strange love



Director Stephan Elliott has followed up his 1994 quirky comedy, *The Adventures of Priscilla, Queen of the Desert*, with something completely different, the dark thriller *Eye of the Beholder*. The film stars Ewan McGregor as a lonely intelligence agent who becomes obsessed with a murderer (Ashley Judd) he is assigned to track down.

Passages

Died: Silver screen goddess **Hedy Lamarr**, 86, at her home, in Orlando, Fla. Born in Austria, Lamarr first turned heads in the provocative 1932 Czech film *Ecstasy*. She made her American film debut in 1938 in *Algiers*. Glamorous and sexy, Lamarr appeared in numerous hit movies with such leading men as **Spencer Tracy** and **Clark Gable**. Lamarr had other talents as well. She and **George Antheil** developed spread spectrum technology, a radio signalling device that reduced the danger of jamming, which they patented in 1942. Since the 1980s, high-tech versions of the device have been used in cordless phones and wireless computer links.

Lamarr: glamour

Died: Georges-Henri Levesque, 96, one of the architects of Quebec's Quiet Revolution, in Quebec City. Levesque, an ordained Dominican priest, helped create new socioeconomic institutions, which modernized the province.

Awarded: To Windsor, Ont., author **Christopher Paul Curtis**, 46, the John Newbery Medal and the Coretta Scott King Award for his children's book *Bud, Not Buddy*, by the American Library Association, in San Antonio, Tex.

Announced: By Canadian-born actor **Michael J. Fox**, 38, that he is quitting his hit TV show, *Spin City*, at the end of the season to fight Parkinson's disease, a nervous system disorder he was diagnosed with in 1991, in New York City.

Charged: Porn star **Kathryn Gannon**, 30, a native of Prince George, B.C., with fraud and conspiracy, by U.S. federal prosecutors, in New York City. Gannon is accused of making money from stock tips leaked to her by her ex-lover **James McDermott**, a former head of an investment bank.

Broken: Hockey legend **Wayne Gretzky**'s single-season scoring record of 104 goals (in 40 games) as a seven-year-old, by **Mitchell Davis**, 7, of Callander, Ont., who scored 109 in 17 games.

but first you communicate

It's one of our first instincts as human beings to reach out and express ourselves. In fact, so great is this need that it's inspired countless technological innovations throughout history, in print, radio, television and now the Internet.

It's also the inspiration behind another communications innovation – the coming together of wireless, cable and Internet under one name: Rogers. And the changing of Cantel to Rogers AT&T.

For the first time, you'll be able to access all the products and services these disciplines have to offer, from one source.

You'll be able to take advantage of Rogers @ Home, with its breathtaking speeds on the Internet, Digital Choice TV and its wealth of programming choices and VIP, a membership service that spoils cable subscribers with savings.

But you'll also be part of the same wireless company that boasts the largest digital network in Canada, technologies like interactive messaging and services like Pay As You Go.

The breadth of products you'll find in this new world is astonishing. And the things they allow you to do equally so. You'll be able to experience more, share more and, most important of all, communicate more.

ROGERS™
imagine

Anthony Wilson-Smith

Bailing out of a bad idea

In politics, the measure of a really bad idea is how far our leaders go to duck responsibility. Consider Industry Minister John Manley's announced plan last week to spend up to $20 million per year propping up Canada's six National Hockey League teams. For starters, Manley admitted it seemed "strange," and emphasized the conditions attached. Then, friends of Paul Martin confided to reporters that Martin was vigorously opposed. Other Liberals, most of whom have never heard an idea from the Prime Minister's Office that they didn't adore, publicly declared opposition. They chose an opportune time. Within 72 hours, even though none of this could have happened without approval from the Prime Minister's Office, people were saying Jean Chrétien had never been keen. Jean Pelletier, his chief of staff, had been the driving force. From there, the end was as inevitable as a Don Cherry rant: by week's end, the humiliated Manley announced he was withdrawing the proposal.

To paraphrase an old line, it's dirty work—and *nobody* had to do it. For students of political history, the last time a federal governing party reversed a decision in like fashion was in 1985, after the Progressive Conservatives announced the partial de-indexation of old age pensions. A month later, after Brian Mulroney had been publicly berated by a pensioner named Solange Denis (who turned out to be an active Liberal partisan), the Tories restored full indexing.

At least in the Tories' case, it was possible to find neutral people with no vested interests prepared to defend de-indexing. In the present instance, about the only Manley supporters were—surprise!—NHL owners themselves, and some sportswriters who would lose their beats if their teams left town. Even then, the only owner who said the measure would make a real difference was Rod Bryden, the Ottawa Senators owner and well-connected Liberal, who was the prime beneficiary. Meanwhile, it amounted to a red flag on the eve of a federal budget to people in a variety of sectors bordering on collapse. That includes farmers, fishermen and the whole health-care field. Not to mention people in Winnipeg and Quebec City, wondering why no one cared when their teams left town. And the Canadian Football League, and the Expos and Blue Jays, and amateur sports organizations, and . . .

The Manley Plan would have made money available to, among others, the Molson Cos. (owners of the Montreal Canadiens) and the American McCaw family, the multibillionaires who own the Vancouver Canucks. It's more proof, then, that the rich really are different: they get *way* better tax breaks. If that's not annoying enough, there's Toronto Maple Leafs president Ken Dryden—who in his more principled youth once interned with Ralph Nader's consumer protection group. Last week, Dryden said his already profitable team would want its share because, well . . . it's *entitled*.

Dryden, the once-but-no-more social crusader, is the perfect example of the disconnect that happens when affluent, well-connected people only talk to others like themselves. NHL ticket prices are now so high that the only people who regularly attend games are business executives with company-paid tickets—and the company, in turn, recovers half the cost in tax writeoffs. In many ways, the franchises are like the spendaholic Liberals of other years—a reputation the Liberals could argue, until last week, is outdated. Since 1993, they have turned a $40-billion annual deficit into a surplus. In roughly the same period, NHL salaries increased more than fourfold, from an average of about $400,000 annually to about $1.8 million at present. Twenty of 28 NHL teams lose money—but they keep spending more, in part because of tax breaks and grants from friendly governments to help them. In addiction-counselling jargon, that's called "enabling."

As well, the Liberals came forth with their stillborn idea amidst a burgeoning debate over ways to make Canada's tax system more like that of the United States. In this case, that's a terrible role model, because the world champs of capitalism morph into ditzy corporate welfare groupies when it comes to subsidizing sports teams. Franchises routinely leave town despite strong fan support—think of the Cleveland Browns and Baltimore Colts, not to mention the Winnipeg Jets and Quebec Nordiques—because American cities and states offer things like fully funded new facilities and tax holidays. Often, the franchises have less fan support in their new homes, but make more money because of those concessions.

Canadians, by contrast, expect franchises to pay their own way. Chrétien often says that as Prime Minister, he makes "less than the lowest-paid member of the Ottawa Senators." True, so why would he, as a taxpayer, help pay their salaries? And Manley described pro hockey as something distinctly Canadian—perhaps hoping all those Finns, Swedes, Czechs, Slovaks, Americans and Russians who now play for our teams will take that message to heart and go home. Or perhaps he confused the pro game with the amateur variety, a pastime in which millions of us have spent large parts of our lives. But in one way, the proposal succeeded. Canadians haven't risen up in so spontaneous and united a fashion since Paul Henderson stunned the Soviet Union with his last-minute goal in 1972. Now the Libs know what Vladislav Tretiak felt like.

THE BEST & WORST MUTUAL FUNDS

MOST DOMESTIC STOCK FUNDS DID WELL, BUT TECHNOLOGY WAS THE REAL WINNER

By Ross Laver

For as long as most investors can remember, making money in the stock market has meant following three simple rules. First, stay diversified, avoiding the temptation to put all your eggs in one basket. Second, look for stocks that are undervalued relative to their revenues and earnings potential. And third, invest for the long term—don't get caught up in investment crazes. Remember Aesop's fable of the tortoise and the hare: slow and steady wins the race.

That's the way it's supposed to be, but after a year like 1999, Canada's five million mutual fund investors can be forgiven for doubting poor Aesop's competence as an investment adviser. More so than in most years, a single factor determined whether a fund's performance was white-hot, mediocre or dreadful. Funds with heavy weightings in technology stocks, particularly companies whose share prices are benefiting from the Internet boom, reported above-average returns—in some cases well into the triple digits. Almost everything else trailed the market or lost money, proof that tortoises don't always cross the finish line first.

In other ways, too, 1999 defied conventional wisdom. At the start of the year, many financial advisers were telling their clients to shift some of their money from equities to bonds. Big mistake: most bond funds lost money in 1999. There was also widespread pessimism about the outlook for the Japanese economy, yet Japanese funds—along with many emerging-markets funds—delivered spectacular returns. And the old rule of thumb that small companies generally outperform their larger counterparts turned out not to apply to last year's market. In the eyes of many investors, bigger was unquestionably better, even if by every traditional measure the shares of many large companies were already seriously overpriced.

In some ways, the biggest surprise was just how good a year it turned out to be for most domestic equity funds. For the first time in four years, the benchmark Toronto Stock Exchange 300 composite index outshone two of the key U.S. indexes, the Dow Jones industrial average and the Standard & Poor's 500 index. For holders of diversified Canadian equity mutual funds—the bread and butter of most investors' portfolios—the result was an average 1999 gain of 20.9 per cent, a dramatic turnaround from the 3.1-per-cent loss recorded in 1998. U.S. equity funds, in comparison, returned 12.5 per cent in Canadian dollar terms in 1999, down from the previous year's gain of 23.7 per cent. (As with any mutual fund that invests outside Canada, the performance of U.S. equity funds is affected by changes in the exchange rate. Last year, the U.S. dollar fell slightly in Canadian terms, so the returns from U.S. equity funds were similarly reduced.)

The bottom line? It was an excellent year to be invested in most Canadian equity mutual funds, particularly funds that had at least some exposure to technology. The irony is that many investors chose to remain on the sidelines last year, presumably frightened off by the global market meltdown in 1998 or predictions of market chaos resulting from year 2000 computer problems. Overall, net mutual fund sales, after redemptions, plummeted by 50 per cent to $17.7 billion in 1999 from $35.4 billion in 1998, according to the Investment Funds Institute of Canada, an industry trade association.

Beyond the ever-present concern about market volatility, industry experts can only guess at the reasons why Canadians are investing less new money in mutual funds than

Maclean's BellCharts Rankings

What the rankings mean

THREE-YEAR ANNUAL COMPOUND RETURN: Annual compound return over three years to Dec. 31, 1999.

RISK-ADJUSTED THREE-YEAR RETURN: A ratio that measures return against the degree of risk. The number is arrived at by subtracting the amount of money an investor would have made over three years by investing in 90-day Treasury bills (which are risk-free) from the fund's three-year compound return. The result is then divided by its standard deviation—a measure of volatility. The higher the final number, the greater the return for the amount of risk.

AVERAGE ONE- TO FIVE-YEAR ANNUAL RETURN: The average of the returns in each of the past five years. Shows which funds performed best in the medium term.

CANADIAN EQUITY

Funds that invest in shares of Canadian companies (3 years: 132 funds, 5 years: 89 funds)

TOP 10 3-YEAR ANNUAL COMPOUND RETURN	
Transamerica Growsafe Cdn. Equity	30.6
Acuity Pooled Cdn. Equity	29.4
AIM Canadian Premier	24.8
Universal Future	21.7
Investors Summa	20.8
AIM Canada Growth Class	20.6
Valorem Demographic Trends*	19.7
McElvaine Investment Trust	19.3
Chou RRSP*	18.6
Fidelity True North	17.4
BOTTOM 5	
University Avenue Canadian	-5.1
Vistafund Capital Gains Growth 1	5.5
Vistafund Capital Gains Growth 2	-6.3
COTE 100 Amerique	-6.8
Pacific Total Return	-7.1

TOP 10 RISK ADJUSTED 3-YEAR RETURN	
McElvaine Investment Trust	5.26
Chou RRSP*	4.04
Acuity Pooled Cdn. Equity	3.96
Value Contrarian Cdn. Equity	3.52
Investors Summa	3.28
Transamerica Growsafe Cdn. Equity	3.28
AIM Canadian Premier	3.25
Universal Future	3.2
Valorem Demographic Trends*	2.93
Kingwest Avenue Portfolio	2.85
BOTTOM 5	
University Avenue Canadian	-1.79
Vistafund Capital Gains Growth 1	-1.85
COTE 100 Amerique	-1.88
Vistafund Capital Gains Growth 2	-1.99
Pacific Total Return	-4.13

TOP 10 AVERAGE 1-5 YEAR ANNUAL RETURN	
Transamerica Growsafe Cdn. Equity	30.6
Acuity Pooled Cdn. Equity	29.9
AIC Diversified Canada	27.5
AIC Advantage	26.7
AIM Canadian Premier	22.2
Investors Summa	21.5
Chou RRSP*	20.7
Universal Future	20.7
Phillips, Hager & North Vintage	19.9
Tradex Equity Fund Ltd	19.4
BOTTOM 5	
Mackenzie Sentinel Cdn. Equity	5.3
Industrial Growth	3.7
Vistafund Capital Gains Growth 1	2.3
University Avenue Canadian	1.6
Vistafund Capital Gains Growth 2	1.6

*Not available in all provinces

Canadian investors pulled $1.3 billion out of domestic stock funds last year, just as the market was picking up

in the boom years of 1997 and 1998. One theory is that the relative ease and growing popularity of online stock trading, combined with the stellar gains racked up by high-profile stocks such as Canada's Nortel Networks Corp., JDS Uniphase Corp. and Celestica Inc., have drawn investors away from mutual funds. Another possible explanation is that Canadians have been on a national shopping spree—consumer spending rose 4.1 per cent in the 12 months ending Sept. 30—and simply don't have as much money left for their RRSPs. "Canadians by and large don't budget for their investing," says Dan Richards, president of Toronto-based Marketing Solutions, a consulting firm. "It tends to be based on what's left over."

The most likely reason, however, is that many mutual fund holders have been guilty of a classic investment mistake: judging the condition of the road ahead by looking into a rearview mirror. Consider, for example, what has happened to sales of Canadian equity funds in the recent past. After two years of solid returns in 1996 and 1997, Canadian investors sank $8.1 billion into domestic stock funds in 1998—just in time for that year's market drop. Last year, investors pulled $1.3 billion out of those funds, yet the market itself was roaring back to record levels.

One way to get around that problem, of course, is to avoid making investment decisions based on a fund's performance in a single year. That's the philosophy behind *Maclean's* annual fund rankings, which are compiled on behalf of the magazine

Eric Wynne for Maclean's

Comeau, thanks to a well-timed move into a technology-heavy U.S. stock fund, his portfolio gained 50 per cent

by BellCharts Inc., an independent, Toronto-based investment research firm. The results, displayed in the accompanying charts, show the best and worst funds in eight popular categories based on three different measures: annual compound return over three years, risk-adjusted return over three years, and average annual return in each of the past five years.

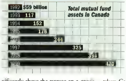
The tables show returns after deducting all management fees (but not sales commissions, if applicable) and are based on total returns, including dividends, to Dec. 31, 1999. Funds that have existed for less than three years were not included. And with the exception of funds that invest in the fast-growing area of science and technology, the rankings do not consider so-called specialty or sector funds, which tend to be more volatile than other funds and therefore suitable mainly for experienced investors.

The report also includes an exclusive listing of "best-of-class" mutual funds based on a more detailed rating system that takes into account past performance, volatility and consistency over three years. The funds that score highest according to this approach are not always the ones that have earned the highest returns. Instead, they have tended to produce returns significantly above the average on a consistent basis in the recent past given the amount of risk they took with unitholders' money.

Regardless of which ranking method investors choose, experts caution that a fund's history is no guarantee of future performance. By definition, a fund manager who produces returns above the market average must be doing something that his or her peers are not—but this year's formula for success could easily turn into next year's recipe for disaster. Before selecting any individual fund, investors should first consider their overall objectives in the context of a detailed financial plan. Among other things, that means deciding how much of the portfolio will go into domestic or foreign stocks, bonds and money-market funds or other cash equivalents. Stock-based ("equity") funds are normally only suitable for people who intend to leave their money invested for four or five years—enough time, in most cases, to make back any losses in the event of a market downturn.

Of course, sticking by that advice is easier said than done. Investors frequently feel the urge to rotate in and out of various asset classes in pursuit of higher returns, a strategy that can be costly. Mike Cogan, a 47-year-old computer consultant in Toronto, learned that the hard way last year. At the beginning of 1999, he bailed out of his precious metals and Asia-Pacific funds because they were doing poorly. In the following months, the precious metals fund continued to slide, finishing the year with a loss of 5.6 per cent. The Asia-Pacific fund, on the other hand, took off like a rocket, reversing the previous year's losses. Its one-year return to Dec. 31 was 102.5 per cent, impressive even by the standards of the supercharged Asia-Pacific category. "That's the heartbreaking thing about investing," Cogan says. "You just never know when to let go or hang on."

THE EXPANDING POOL



Although switching from fund to fund is hazardous at the best of times, 1999 was a year that for the most part brought big rewards to risk-takers. Gary Comeau, 36, a recreation coordinator at a nursing home in Dartmouth, N.S., has been investing in mutual funds for four years, enjoying an average annual return of about 25 per cent. Last year was his best yet with a gain of about 50 per cent, thanks mainly to a well-timed move into the AGF 20/20 Aggressive Growth Fund, which mainly targets small- and medium-sized U.S. companies. Propelled by its 74-per-cent weighting in technology—its top holdings are Qualcomm Inc., the San Diego-based maker of digital wireless communications products, and JDS Uniphase, a leader in fibre-optic technology—the fund gained 195 per cent in 1999, tops among U.S. small- and mid-cap funds. "My timing was good—I didn't take anything out," Comeau says. He adds that he intends to stick with aggressive

CANADIAN LARGE CAP

Funds that invest in large Canadian corporations (3 years: 58 funds, 5 years: 48 funds)

TOP 10	3-YEAR ANNUAL COMPOUND RETURN
Manulife Cabot Canadian Equity	21.8
Altamira Capital Growth	21.3
Manulife Cabot Blue Chip	21.1
Royal & SunAlliance Equity	18
Perigee Canadian Value Equity*	17
FMOQ Canadian Equity	16
Atlas Canadian Large Cap Value	15.9
BNP (Canada) Equity	15.9
CDA Common Stock (Altamira)	15.8
HSBC Equity*	15
BOTTOM 5	
IG Beutel Goodman Cdn. Equity	3.3
Rothschild Select GS Cdn. Equity	1.6
Great West Life Larger Company Equity B (M)	0.8
Great West Life Larger Company Equity A (M)	0.6
NAL-Investor Cdn. Equity	-0.4

TOP 10	RISK ADJUSTED 3-YEAR RETURN
Manulife Cabot Blue Chip	3.3
Manulife Cabot Canadian Equity	2.83
Altamira Capital Growth	2.71
Royal & SunAlliance Equity	2.67
Perigee Canadian Value Equity*	2.19
FMOQ Canadian Equity	2.16
BNP (Canada) Equity	2.12
First Canadian Equity	2.08
Spectrum United Cdn. Stock	2.07
CDA Common Stock (Altamira)	2.06
BOTTOM 5	
IG Beutel Goodman Cdn. Equity	-0.2
Rothschild Select GS Cdn. Equity	-0.6
Great West Life Larger Company Eq B (M)	-0.71
Great West Life Larger Company Eq A (M)	-0.76
NAL-Investor Cdn. Equity	-0.92

TOP 10	AVERAGE 1-5 YEAR ANNUAL RETURN
Manulife Cabot Canadian Equity	22.5
Manulife Cabot Blue Chip	20.9
Perigee Canadian Value Equity*	18.9
Royal & SunAlliance Equity	18.9
BNP (Canada) Equity	18.5
First Canadian Equity	17.9
Altamira Capital Growth	17.6
McLean Budden Cdn. Equity Growth	17.6
HSBC Equity*	17
Empire Equity Growth 3	16.6
BOTTOM 5	
NAL-Investor Cdn. Equity	9.3
Dynamic Fund of Canada	8.8
Vistafund Equity 1	8.3
Industrial Horizon	7.8
Vistafund Equity 2	7.5

*Not available in all provinces

CANADIAN SMALL CAP

Funds that invest in shares of small and midsize Canadian firms (3 years: 69 funds; 5 years: 52 funds)

TOP 10	3-YEAR ANNUAL COMPOUND RETURN
CDA Special Equity (KBSH)	38.7
YMG Emerging Companies*	32.2
YMG Growth	23.5
Clarica MVP Growth	19.2
Fidelity Cdn. Growth Company	18.3
Ontario Teachers Growth*	17.4
GBC Canadian Growth	16.4
Strategic Value Cdn. Small Companies	15
Saxon Small Cap	14.6
Cundill Canadian Security A	14.3
BOTTOM 5	
Marathon Equity	-11.6
Atlas Canadian Emerging Growth	-15.6
Industrial Equity Fund Ltd.	-17.8
Cambridge Special Equity	-22.8
Cambridge Growth	-30.4

TOP 10	RISK ADJUSTED 3-YEAR RETURN
CDA Special Equity (KBSH)	4.94
Fidelity Cdn. Growth Company	2.82
Clarica MVP Growth	2.81
Cundill Canadian Security A	2.78
YMG Emerging Companies*	2.69
Ontario Teachers Growth*	2.45
YMG Growth	2.2
Saxon Small Cap	2.15
GBC Canadian Growth	2.12
Strategic Value Cdn. Small Companies	2.01
BOTTOM 5	
BPI Canadian Small Companies	-2.58
Cambridge Special Equity	-2.65
Atlas Canadian Emerging Growth	-3.26
Cambridge Growth	-3.34
Industrial Equity Fund Ltd.	-3.73

TOP 10	AVERAGE 1-5 YEAR ANNUAL RETURN
YMG Growth	22.5
Fidelity Cdn. Growth Company	21.8
Talvest Millennium Next Generation	21.5
Clarica MVP Growth	21.4
GBC Canadian Growth	20.5
Concordia Special Growth	19.6
Multiple Opportunities*	19
Ontario Teachers Growth*	18.8
Guardian Enterprise Classic	18
AGF 20/20 RSP Aggressive Equity	16.6
BOTTOM 5	
All-Canadian Capital	0.4
All-Canadian Compound	0.2
Cambridge Special Equity	-6
Industrial Equity Fund Ltd.	-6.4
Cambridge Growth	-16.1

* Not available in all provinces

Some industry veterans are now wondering whether the interest in foreign investing has gotten out of hand

growth equity funds this year, primarily concentrating on the high-tech field and small-cap stocks. About 30 per cent of his RRSP portfolio is invested in Canada, with the rest roughly split between the United States and Asia.

If Comeau's decision to devote a large part of his portfolio to technology is typical of a growing number of Canadian investors, so is his bias towards foreign rather than domestic funds. What has made it possible is the proliferation of so-called foreign "clone" funds that use derivatives to mimic the performance of conventional U.S. and offshore funds while still keeping enough of their assets in Canada to qualify as Canadian content—thereby skirting Ottawa's 20-per-cent limit on RRSP foreign content.

Industry analysts expect that in this year's federal budget, Finance Minister Paul Martin will raise the foreign ceiling to 30 per cent, phased in over five years. That's something the fund industry has long advocated, even though surveys in the past tended to show that most Canadian investors had little or no

U.S. EQUITY *Funds that invest in shares of U.S. companies (3 years: 98 funds; 5 years: 70 funds)*

TOP 10 3-YEAR ANNUAL COMPOUND RETURN	
MAXXUM American Equity	52.3
Cambridge American Growth	51
All Points Index U.S. Geared ($U.S.)	46.1
BPI American Equity Value	43.9
Spectrum United American Growth	42.2
Ethical North American Equity*	38.8
MD U.S. Equity	38
AGF American Growth Class	35.8
Jones Heward American	35.2
AIM American Premier	34.3
BOTTOM 5	
Leith Wheeler U.S. Equity*	8.7
Co-operators U.S. Equity	7
First Trust DJIA Target 10 98	5.4
Beutel Goodman American Equity	2.9
All Points Index U.S. Bear ($U.S.)	-16.3

TOP 10 RISK ADJUSTED 3-YEAR RETURN	
MAXXUM American Equity	7.84
BPI American Equity Value	7.21
AIM American Premier	6.72
Royal & SunAlliance U.S. Equity	6.19
CIBC U.S. Index RRSP Fund	5.96
Green Line U.S. Index Fund ($U.S.)	5.93
All Points Index U.S. Index ($U.S.)	5.9
OIQ Ferique American	5.79
MD U.S. Equity	5.71
IRIS U.S. Equity	5.6
BOTTOM 5	
Leith Wheeler U.S. Equity*	0.99
Co-operators U.S. Equity	0.36
First Trust DJIA Target 10 98	0.25
Beutel Goodman American Equity	-0.27
All Points Index U.S. Bear ($U.S.)	-4.07

TOP 10 AVERAGE 1-5 YEAR ANNUAL RETURN	
All Points Index U.S. Geared ($U.S.)	45.8
Spectrum United American Growth	38.9
BPI American Equity Value	35.3
Ethical North American Equity*	34.3
MD U.S. Equity	33.8
AGF American Growth Class	32.2
Cambridge American Growth	31.4
Green Line U.S. Index Fund ($U.S.)	29.4
Clarica MVP U.S. Equity	27.4
Vistafund American Stock 1	27.1
BOTTOM 5	
BG Private Foreign Equity	16.8
Industrial American	15.7
Leith Wheeler U.S. Equity*	12.5
Beutel Goodman American Equity	10
All Points Index U.S. Bear ($U.S.)	-17.4

GLOBAL EQUITY *Funds that invest in companies anywhere in the world (3 years: 88 funds; 5 years: 59 funds)*

TOP 10 3-YEAR ANNUAL COMPOUND RETURN	
BPI Global Opportunities	63.2
Orbit World*	47.4
AGF 20/20 Aggressive Global Stock	39.7
Global Strategy Rothschild World Companies	31.7
MAXXUM Global Equity	31.2
BPI Global Equity Value	30.7
Atlas Global Value	30.4
Spectrum United Global Growth	30.2
Clarington Global Opportunities	29.1
C.I. Global	28
BOTTOM 5	
Hansberger Value Sector	8.6
Templeton Global Small Companies	6.2
Hansberger Global Small Cap	-6.6
Cambridge Global	-7.1
Hansberger Global Small Cap Sector	-7.3

TOP 10 RISK ADJUSTED 3-YEAR RETURN	
BPI Global Opportunities	10.73
Orbit World*	7.78
MAXXUM Global Equity	5.57
BPI Global Equity Value	5.32
Manulife Cabot Global Equity	5.18
C.I. Global	5.13
O'Donnell World Equity	5.09
FMOQ International Equity	5.08
C.I. Global Sector	5.01
AGF 20/20 Aggressive Global Stock	4.93
BOTTOM 5	
Trimark-The Americas	0.48
Hansberger Value Sector	0.49
Cambridge Global	-0.52
Hansberger Global Small Cap	-2.5
Hansberger Global Small Cap Sector	-2.67

TOP 10 AVERAGE 1-5 YEAR ANNUAL RETURN	
Global Strategy Rothschild World Companies	34.8
Orbit World*	28
BPI Global Equity Value	24.8
Atlas Global Value	23.8
Acuity Pooled Global Equity	21.5
Dynamic International	21.2
BPI Global Small Companies	21.1
C.I. Global	20.8
Guardian Global Equity Classic	20.5
Canada Life U.S. & Int'l Equity S-34	20.2
BOTTOM 5	
Trimark-The Americas	9.1
Cundill Value A	9
Investors World Growth Portfolio	8.8
Sceptre International	8.4
Cambridge Global	1.7

* Not available in all provinces

Richards: most Canadians do not plan ahead for their RRSP contributions

foreign content in their retirement savings plans and did not consider the issue to be particularly important. Clearly, their views have started to shift, perhaps because for most of the past two decades the Canadian market has failed to keep up with its U.S. counterpart. Comeau's financial planner, Neal Gaudet of Bedford, N.S., says most of his 400 clients have switched part of their portfolios to the new cloned foreign funds in the past year or so. "It's the biggest industry move in the last five years," Gaudet says.

It's also a trend many fund companies are anxious to encourage, since the management fees charged on cloned funds are typically higher than on the funds whose performance they track. But a few industry players wonder whether the interest in foreign investing has gotten out of hand. Richard Wernham, president of Toronto-based Global Strategy Financial Inc., introduced Canada's first fully RRSP-eligible foreign fund in 1983 and has long been an advocate of investing outside Canada. But Wernham says he gets concerned when he hears about people who are now using clone funds to invest more than half of their RRSP money outside the country. "I do have this sense that the trend may have swung too far in that direction," Wernham says. "We can't forget that most investors are going to retire in Canada and spend Canadian dollars, so there's an inherent currency risk in putting money outside Canada."

Wernham adds that economists here and abroad generally view the Canadian dollar as

CANADIAN BALANCED

Funds with mixed portfolios of stocks and bonds (3 years: 160 funds; 5 years: 104 funds)

TOP 10 3-YEAR ANNUAL COMPOUND RETURN	
Transamerica Bal. Investment Growth	23.6
Transamerica Growsafe Cdn. Balanced	22.2
FMOQ Investment	19.7
McDonald Canada Plus	18.9
AIM Canadian Balanced	15.8
Acuity Pooled Cdn. Balanced Investment	15.4
Capstone Balanced Trust	15
COA Balanced (KBSH)	13.5
OIQ Ferique Balanced	13.3
Cornel Balanced	13
BOTTOM 5	
NAL-Investor Cdn. Diversified	1.7
Guardian Cdn. Balanced Classic	1.4
Hemisphere Value	1.2
Acadia Balanced	-0.8
Cambridge Balanced	-26.8

TOP 10 RISK ADJUSTED 3-YEAR RETURN	
Transamerica Growsafe Cdn. Balanced	3.7
Transamerica Balanced Investment Growth	3.68
FMOQ Investment	3.4
AIM Canadian Balanced	3.14
Cornel Balanced	3.07
COA Balanced (KBSH)	3.04
Capstone Balanced Trust	2.96
OIQ Ferique Balanced	2.9
Atlas Canadian Balanced	2.71
Acuity Pooled Cdn. Balanced Investment	2.55
BOTTOM 5	
Hemisphere Value	-1.23
Guardian Cdn. Balanced Classic	1.24
Acadia Balanced	-1.26
Guardian Cdn. Balanced Mutual	-1.54
Cambridge Balanced	-2.65

TOP 10 AVERAGE 1-5 YEAR ANNUAL RETURN	
Transamerica Balanced Investment Growth	21.6
Transamerica Growsafe Cdn. Balanced	19.9
FMOQ Investment	19.9
Acuity Pooled Cdn. Balanced Investment	17.6
McDonald Canada Plus	16.4
Capstone Balanced Trust	16
OIQ Ferique Balanced	14.7
COA Balanced (KBSH)	14.7
McLean Budden Balanced Growth	14.6
Perigee Symmetry Balanced*	14.4
BOTTOM 5	
AGF Canadian High Income	7.1
Guardian Cdn. Balanced Classic	6
Hemisphere Value	6
Acadia Balanced	4.9
Cambridge Balanced	-12.8

* Not available in all provinces

CANADIAN BOND

Funds that invest in bonds and other fixed-income securities (3 years: 124 funds; 5 years: 101 funds)

TOP 10 3-YEAR ANNUAL COMPOUND RETURN	
Acuity Pooled Fixed Income	10.8
Altamira Bond	7.6
MatchMaker Strategic Security Portfolio 2	6.1
Green Line Cdn. Bond	6.1
Westbury Canadian Life 'B'	6.1
Desjardins-Laurentian Bond	6
Sceptre Bond	5.9
SSQ-Obligations Canadiennes	5.7
Equitable Life Segregated Accum.	5.7
MatchMaker Reg. Strategic Security Portfolio 2	5.6
BOTTOM 5	
Vistafund Bond 2	2.2
FMOQ Bond	1.4
Templeton Cdn. Bond	1.4
Dynamic Income	0.8
Trans-Canada Bond	0.5

TOP 10 RISK-ADJUSTED 3-YEAR RETURN	
Acuity Pooled Fixed Income	2.36
MatchMaker Strategic Security Portfolio 2	1.7
Altamira Bond	1.68
Desjardins-Laurentian Bond	1.62
Green Line Cdn. Bond	1.56
MatchMaker Reg. Strategic Security Portfolio 2	1.46
Equitable Life Segregated Accum.	1.31
Westbury Canadian Life B	1.29
SSQ-Obligations Canadiennes	1.28
Sceptre Bond	1.25
BOTTOM 5	
Great West Life Government Bond B	-1.62
Great West Life Government Bond A	1.96
Templeton Cdn. Bond	-2.54
Dynamic Income	-2.85
Trans-Canada Bond	-3.74

TOP 10 AVERAGE 1-5 YEAR ANNUAL RETURN	
Altamira Bond	12.2
Acuity Pooled Fixed Income	11.3
Green Line Cdn. Bond	10.5
SSQ-Obligations Canadiennes	10.2
Batirente Bond	10.2
Desjardins-Laurentian Bond	10.1
Westbury Canadian Life B	9.8
MAXXUM Income	9.8
Equitable Life Segregated Accum.	9.8
Scotia Cdn. Income	9.7
BOTTOM 5	
Pursuit Canadian Bond*	5.3
Templeton Cdn. Bond	4.7
Dynamic Income	4.6
Trans-Canada Bond	4.3
Empire Foreign Currency Cdn. Bond	2.9

'When something is very popular and everyone's doing it, the first thing you should do is step back and reconsider'

"hugely undervalued" at its present level of about 69 cents (U.S.). If they are right and the loonie appreciates significantly in the next year or two, he warns, "it's going to punish the performance of international investments."

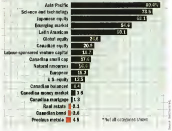
The other obvious risk facing investors is that of a major downturn in technology stocks. Currently, Nortel and its parent company, BCE Inc., together account for about one-fourth of the market capitalization of the TSE 300 index; they also generated two-thirds of its 1999 gain. Technology has also been powering American stock markets. By one estimate, the U.S. Internet sector alone now boasts a market value of $1.4 trillion, more than Canada's entire gross domestic product. For Canadian mutual fund investors like Nan Gluschenko, 59, a retired nurse in Peachland, B.C., the potential gains are hard to resist. Last week, she and her husband moved a small portion of their money into a tech fund and some into a foreign clone fund, the first time they had invested in either category. "I wish we were in them before," says Gluschenko, who describes herself as a "very cautious investor" who has had her fill "of high-risk things."

If only investing were so simple. A year from now, mutual fund holders may look back on the tech stock bubble of 1999-2000 and wonder how anyone could have been so foolish. "When something is very popular and everyone's doing it, the first thing you should do is step back and reconsider," says Geoff MacDonald, a vice-president at Trimark Financial Corp. The only certainty is that at some point, many of those sky-high valuations are going to return to earth. Maybe then the tortoise will have a fighting chance.

With Patricia Treble and Susan Oh in Toronto

FOR BETTER OR WORSE

Average 1999 return by mutual fund category*



*Not all categories shown

SCIENCE AND TECHNOLOGY

Funds that invest in companies involved in some aspect of science or technology (3 years: 22 funds; 5 years: 5 funds)

TOP 10	3-YEAR ANNUAL COMPOUND RETURN
C.I. Global Telecom Sector	78.8
AIM Global Technology	77.3
Altamira Science & Technology	74.9
Talvest Global Science & Technology	71.9
Transamerica Growsafe U.S. 21st Century Index	63.6
CIBC Global Technology	62.8
ING Life CAN-DAQ 100	58.8
Clarington Global Communication	56.4
C.I. Global Technology Sector	55
Universal World Science & Technology	50.6
BOTTOM 5	
Acuity Pooled Environment, Science & Technology	21.1
AIM Global Health Sciences	17.5
Green Line Health Sciences	16.8
C.I. Global Health Sciences	16.4
AIM Global Health Science Class	4.9

TOP 10	RISK ADJUSTED 3-YEAR RETURN
C.I. Global Telecom Sector	10.25
AIM Global Technology	8.69
Talvest Global Science & Technology	7.79
Altamira Science & Technology	7.51
Transamerica Growsafe U.S. 21st Century Index	7.17
Clarington Global Communication	7.06
Universal World Science & Technology	6.79
CIBC Global Technology	6.76
Spectrum United Global Telecom	6.55
C.I. Global Technology Sector	6
BOTTOM 5	
AIM Global Health Sciences	3.01
C.I. Global Health Sciences	2.98
Green Line Health Sciences	2.74
Acuity Pooled Environment, Science & Technology	2.31
AIM Global Health Science Class	0.14

TOP 5	AVERAGE 1-5 YEAR ANNUAL RETURN
Green Line Science & Technology	42
Spectrum United Global Telecom	37.3
AIM Global Telecom Class	37
AIM Global Health Sciences	28
Acuity Pooled Environment, Science & Technology	15.9

(Note: only five Canadian funds in the science and technology category have a five-year history)

Too Good to Be True?

Rarely has the outlook for the Canadian economy appeared so favourable. But is now a good time for Canadians to invest in stocks and equity mutual funds, or are today's lofty share prices a sign of looming trouble? Maclean's *Senior Business Correspondent Ross Laver discussed that issue with three experts: Patricia Croft, an economist and portfolio manager with Sceptre Investment Counsel Ltd.; Ian Ainsworth, a vice-president of Altamira Investment Services Inc. and manager of its equity, e-business, and science and technology funds; and Roger Martin, dean of the Joseph L. Rotman School of Management at the University of Toronto, a consultant to some of the world's top corporations and a director of two major Canadian companies, Thomson Corp. and Celestica Inc. Excerpts:*

Maclean's: *The economy is growing, unemployment is falling, and the stock market is near record highs. Are things really as good as they seem?*

Croft: The big picture is extremely bright, but I'm always worried when there's a consensus because it's probably wrong. Where I think it could be wrong is that the inflation threat may be bigger than people expect. Right now, there's a lot of confidence that we won't have to worry about inflation ever again, that growth will be strong around the world and that technology will rule forever. I do believe we're in a powerful disinflationary era that has much further to go. But I also think we may be in for a cyclical uptick in inflation. That may catch the market off guard.

Maclean's: *What's behind the current economic expansion?*

Ainsworth: Technology is one contributor, but we've also got the whole globalization phenomenon, which means companies are now sourcing production in emerging markets and there are opportunities for companies to grow globally. We've got corporate restructuring as investors search out the best-managed companies around the world. Obviously there are ups and downs in that process, but it's very positive that capital flows into these countries and continues to reward the better business models.

Maclean's: *Presumably one reason for the optimism is that investors believe productivity is increasing. Are they right?*

Martin: There are economists who argue vociferously on both sides of the question. I tend to agree with the side that says productivity growth has been weaker in Canada than the United States. Overall, though, I think the argument that our economies are getting more productive is correct. I'm actually really optimistic about globalization. For almost a half century, we have been attempting to fix Third World countries using things like the World Bank and the International Monetary Fund—and it didn't work at all. What's working now is that global corporations are investing in these countries. If we can get the Third World consuming more, exporting more and importing more, it will be positive for everyone.

Maclean's: *The protesters who shut down the World Trade Organization talks in Seattle recently might not agree with you.*

Martin: Well, I'm sure those protesters are all dedicated people who think big corporations are destroying the world and global trade is bad for everybody, but they're dead wrong. From my vantage point as someone who has consulted for a number of big global companies, if anyone is going to clean up Third World corruption, it's the big global companies that are governed by rules in their home countries.

Maclean's: *How exactly is new technology contributing to economic growth?*

Ainsworth: Well, technology is very significant as a driver for disinflation. And it's been accelerating in the past decade. We've got twice the productivity growth per capita in the United States in the past five years than in the previous 15 years. That's coincident with the rise of the Internet, and I think there's a connection. By the year 2003, Internet traffic business-to-business, according to Forrester Research, a U.S. think-tank, should reach about $3 trillion (U.S.) globally. That has a major impact on companies in terms of their ability to predict demand, manage inventories and make their operations more efficient. And that has a dramatic impact on reducing the volatility in the business cycle, a lot of which is caused by inventory swings.

Martin: By the way, it turns out that the sector of the U.S. economy that has the fastest productivity growth is electrical and electronic equipment. Its productivity has been increasing at 10 per cent annually over the past decade. It's the fastest-growing sector of the economy—the productivity engine.

Maclean's: *How do we know this isn't just a temporary phenomenon?*

Croft: We don't, but I think the stock market is sending us some messages. If you look at the valuations attached to Internet-related companies and compare that with the old-economy stocks, there's a huge disparity. You might question that, but I think the stock market is saying that going forward, the old-economy companies are going to face tremendous competition.

Ainsworth: I agree. It's not often that you can open up a retailing concept and have 130 million people at your doorstep, but on the Internet you can achieve that overnight. And the reality is that we've created more global brands in the past three years on the Internet than in the previous 15 years in the consumer-products industry. So I see dramatic growth opportunities, balanced against greater risks in the bricks-and-mortar world. I do think, though, that the productivity gains made possible by the Internet will expand into the bricks-and-mortar companies.

Ainsworth (left), Croft and Martin: by traditional measures, the U.S. stock market is 40 to 50 per cent overvalued

'The big picture is extremely bright, but I'm always worried when there's a consensus because it's probably wrong'

Maclean's: *So it's not just technology firms that stand to gain from the Internet?*

Ainsworth: Look at the partnerships that are emerging between companies like Ford and Oracle, the software company, or between General Motors and Commerce One, an e-commerce software company. Those companies are partnering to save money on procurement. Ford buys about $70 billion a year worth of auto parts and all of that is moving to the Internet. That could save Ford as much as $7 billion a year, which has a dramatic impact on profitability. So, many companies are going to benefit from this.

Maclean's: *If you're right, the outlook for stocks is extremely good. Yet already the major stock indexes are two or three times higher than a few years ago. Can investors really expect the boom to continue?*

Martin: One of the reasons the market has gone up so much in the past decade is that we've taken out the inflationary factor that causes investors to discount future growth. So we're not going to get another bump in stock prices from inflation going down another point. But on balance I'm more optimistic than pessimistic. And if we get the Third World humming, that will turbocharge the global economy.

Maclean's: *The Toronto Stock Exchange 300 index now boasts a price-earnings multiple—the ratio between stock prices and earnings per share—of about 40. Traditionally, investors considered 20 to be on the high side. Isn't that worrisome?*

Ainsworth: Not necessarily, because it's hard to use historical measures to forecast the future. Certainly, we're in different times today than we were in the 1980s, when price-earnings multiples were in the teens. But today we're not faced with the big economic cycle risk that we had before, we're not faced with high interest rates, and we're not faced with an outmoded capital base. When people look at the recent gains in the stock market, they're comparing it with that terrible period when the economy, particularly the U.S. economy, was under incredible pressure. That's a dramatic difference from today.

Maclean's: *But aren't some investors getting carried away with optimism?*

Croft: If you look at the conventional models, they suggest the U.S. stock market is 40 or 50 per cent overvalued. But another way to look at them is to consider the equity risk premium—the spread between the expected rate of return from holding a stock rather than a bond. Historically, it's been seven per cent, yet the markets are now saying it's only one or two per cent. I think that's absolutely justified because we do live in this era of low and well-contained inflation. The other factor that investors are aware of is that there is less risk in stocks because Alan Greenspan, the chairman of the U.S. Federal Reserve Board, has continually proved that he is central banker to the world. Investors know that if this market falls 25 per cent tomorrow, the Fed is going to pump in liquidity and save the day.

Martin: If you're looking for the downside, that's it. Why would someone be willing to accept such a low premium to hold stocks, which are inherently riskier than bonds? It has to do with people's supreme confidence in capitalism and the power of financial assets. Yet we know a mere 20 years ago, there was flagging confidence. The minute the world says, 'We're not so sure about financial assets,' money is going to shift over to physical assets—commodities. Right now, our economy is a machine that is running to extremely tight tolerances. Inflation is about as low as it can get, confidence is about as high as it can get. And anything that would shake either of those things is a risk.

Croft: There's no doubt we've come very far, very fast. The total value of the stock market is now 150 per cent of the size of the U.S. economy, which is unprecedented. The current account deficit, which is what the United States owes the rest of the world, is four per cent of gross domestic product, the largest on record. The savings rate is at

'Right now, our economy is a machine that is running to extremely tight tolerances'

Martin (left), Ainsworth: defining issue

a record low and net private debt is at a record high. So you could argue this is a bubble, but I'm not of that camp. I believe this is a new era. I don't think the business cycle has been entirely repealed, but it has been reformed.

Maclean's: *Are you suggesting that recessions are a thing of the past?*

Croft: I think what we'll see are recessions by industry, by sector and by region. In Canada right now, we could argue that we've had a recession in British Columbia, but we've had boom times in Ontario and more recently Quebec. We've had a recession in the public sector, with downsizing and cuts in spending, but we've had boom times in the private sector. So I don't think we'll see economy-wide recessions, because what used to cause recessions was that there was too much money chasing too few goods, which meant inflation took hold and central bankers had to jack up rates. If we now live in a world of well contained inflation, we can forget that.

Maclean's: *At the beginning of the 1990s, there was a lot of concern in Canada about competitiveness. Is the picture any more positive now?*

Martin: No, and in my view that's the defining issue for Canada. In 1990, we were third in the world in gross domestic product per capita. The 1998 numbers have just come out from the Organization for Economic Co-operation and Development and we're fifth. And the difference is this: if we had stayed in third place, every family of four would have $13,000 more per year than they do now—$600 or $700 a month after taxes. That means every Canadian family could go out and buy a minivan for nothing, or have a house that's worth almost $100,000 a year more. Even more worrisome is that when the OECD says we're fifth, that's based on calculations of purchasing power with the Canadian dollar at 85.5 cents (U.S.). If it were 80 cents, we'd be 11th in the world. At 74 cents, we're 18th, behind Finland. So while I'm optimistic about Canadians, I'm not optimistic about Canadian businesses.

Maclean's: *Ian, as a fund manager, you're always looking for leading-edge companies. Are you finding many in Canada?*

Ainsworth: Some. Nortel is a great company. So are Bombardier and Magna. But I agree with Roger. Part of the problem is that governments haven't been proactive enough in creating the right environment for technology companies. The good news is that you're starting to see capital pouring in, you're seeing overnight millionaires created in Ottawa, and you're starting to see big institutions put money into venture capital, targeting new, innovative business models. But we're years and years behind the United States.

Martin: I agree. I'm feeling encouraged that we're finally getting Silicon Valley-style investors here in Canada. But the thing that worries me is the educational component. Canada has spent big on that historically, but there's a trend now towards disinvestment in that sector. In the past three years, 48 of 50 U.S. states—all except Alaska and Hawaii—have increased their spending on higher education. In Canada, only four of 10 provinces have increased their spending on higher education—Manitoba, Alberta, Saskatchewan and British Columbia. So we've started to disinvest in higher education at exactly the time that the United States figured out that you can't spend too much on higher education.

Maclean's: *Many investors are confused this RRSP season. On one side are experts who say that the stock market is overvalued. Yet the economy is growing rapidly. What's the best strategy?*

Croft: I think this will again be a year when the Canadian market could outperform its global counterparts, as it did last year. Part of it relates to global growth, which should benefit our resource sector. And even though interest rates will rise in the short run, I think by the end of the year rates will be lower than today, so that should help our banks. Having said that, it's important for investors to think globally. We're not a hotbed of technology, despite a few success stories, and I think you absolutely do have to have some exposure to technology. So don't ignore technology. I don't think it's a bubble. I think this thing is in its infancy.

Maclean's: *Looking at some of the recent returns, a lot of investors are obviously tempted to put all their money in technology stocks. Is that the way to go?*

Ainsworth: We believe technology should be a significant part of your portfolio, but look at other areas of the market as well. And I think the market will broaden out and we'll see some of the cyclical areas of the Canadian economy participate this year. Already you're seeing some pretty good returns from companies like Alcan and Dofasco. So having everything in technology may not be a prudent strategy. It's a volatile sector and if we do get some kind of inflation shock, it's good to be more diversified.

Martin: The only thing I would say to supplement that is, yes, have investments in the technology sector, but within that sector I would be betting that e-commerce is going to be a continuing trend. So I would be careful of companies that haven't been responsive to the new economy. The fact that GM is working assiduously with Commerce One to restructure their parts procurement—I'd say, 'OK, they understand, they get it.' But other companies in the old economy who take the view that 'this too shall pass,' I would stay away from those. So my portfolio would be heavily weighted to technology stocks and companies that have recognized the pervasive impact of technology. ■

Best-of-Class Funds

Out of the more than 2,700 mutual funds in Canada, the 84 funds listed alphabetically below were judged the best in their respective categories over the past three years, based on ratings prepared for *Maclean's* by BellCharts Inc., a fund research firm. To make the grade, funds needed to offer consistent, above-average returns given the degree of risk they took. Specifically, the selection process took into account how much better it was to invest in a particular fund versus a risk-free investment such as a treasury bill. It downplayed time periods when returns were unusual, focusing on how well the fund normally performed. And it compared the fund with a benchmark to see how much better it did, how much risk was entailed in getting those additional returns and how predictable its performance was

Fund Type — *The type of investments contained in the fund*

Assets — *Total amount of money in millions, managed by the fund*

1-Year Return, 3-Year Return, 5-Year Return, 10-Year Return — *The percentage return to Dec. 31, 1999. For periods longer than one year, the figure shown is the average annual compound return*

RRSP Eligibility — *Indicates whether the fund is or is not eligible for an RRSP investment, or is eligible only as foreign content.*

Standard Deviation — *A measure of volatility based on the amount by which monthly returns varied over a three-year period*

Worst 12 months — *Maximum percentage loss in any 12-month period over the past 10 years, or less if the fund has not been in existence that long.*

Best 12 months — *Maximum percentage gain in any 12-month period over the past 10 years, or less if the fund has not been in existence that long.*

Chance of Having Lost Money — *The likelihood that an investor would have lost money in any 12-month period over the past 10 years, or less if the fund has not been in existence that long.*

Management Expense Ratio — *The yearly percentage of assets that goes towards running the fund*

Fund Name	Fund Type	Assets	1-Year Return	3-Year Return	5-Year Return	10-Year Return	RRSP Eligibility	Standard Deviation	Worst 12 months	Best 12 months	Chance of Having Lost Money	Management Expense Ratio
Acadia Mortgage	Cdn. Mortgage	4.2	2.9	4	4.1		Yes	0.69	2.3	5.8	0%	2
Acuity Pooled Cdn. Equity	Cdn. Equity	9.6	30.4	29.4	29.3		Yes	6.38	-16.3	85.2	16%	N/A
Acuity Pooled Fixed Income	Cdn. Bond	2.1	-5.8	10.6	10.8		Yes	2.75	-5.8	34.8	12%	N/A
AIM American Premier	U.S. Equity	91.3	23.8	34.3	22.8		Foreign	4.5	-10.8	50.7	8%	2.93
AIM Canada Growth Class	Cdn. Equity	1203	48.1	20.6			Yes	6.81	-21	48.1	16%	2.41
AIM Canadian Balanced	Cdn. Balanced	49	32.1	15.8	13.7		Yes	3.74	-5.7	32.1	5%	2.59
AIM Canadian Premier	Cdn. Equity	268.9	61	24.8	29.9		Yes	6.39	-16.5	61	15%	2.09
AIM European Growth	European Equity	225.3	40.5	38.3	27.3		Foreign	5.94	-5	88	12%	2.93
AIM Global Technology	Science & Tech.	508.5	200.3	77.3			Foreign	8.42	-8.1	200.3	7%	2.93
Altamira Balanced	Cdn. Balanced	74.3	21.4	11	11.3	8.3	Yes	3.4	-11.3	33.4	20%	2
Altamira Capital Growth	Cdn. Large Cap	243.4	51.5	21.3	16.6	13.3	Yes	6.35	-17.8	51.5	8%	2
Altamira Global Diversified	Global Balanced	88.3	31.1	20.8	16.7	9.5	Foreign	3.68	-21.7	32.1	17%	2
Altamira High Yield Bond	High Yield Bond	17.9	9.8	8			Yes	2.08	-4.1	23.2	4%	1.94
BBas Latin American Value	Latin American	8.3	68.9	17.2	9.4		Foreign	9.89	-44.2	68.9	40%	2.95
BPI American Equity Value	U.S. Equity	481.3	52.6	43.9	34.6	21.5	Foreign	5.52	-3.4	60.8	0%	1.51
BPI Global Equity Value	Global Equity	1470.6	43	30.7	24.3	16.4	Foreign	4.99	-3.4	43	5%	2.48
C.I. Emerging Markets	Emerging Markets	250.8	76.0	22.0	11		Foreign	5.9	-28.8	78.9	32%	2.77
C.I. Emerging Markets Sector	Emerging Markets	42.7	76.7	22.1	10.4		Foreign	5.83	-28.9	78.7	34%	2.82
C.I. Global Telecom Sector	Science & Tech.	1191.4	131.1	78.5			Foreign	7.26	23.8	131.1	0%	2.44
C.I. International Balanced	Global Balanced	1224.1	19.8	18.3	17.3		Foreign	2.79	5.2	25.8	0%	2.41
Cambridge Americas	North Am. Equity	1.7	38.7	24.9	21.3	13.4	Foreign	8.14	-18.5	55.9	19%	4.71
Capstone Balanced Trust	Cdn. Balanced	7.8	19	15	15.9	11.1	Yes	3.88	9.8	29.1	12%	2
CDA Balanced (KBSH)	Cdn. Balanced	58.2	23.4	13.5	14.5	16.6	Yes	3.08	-6.8	27.8	10%	0.96
CDA International Equity (KBSH)	Int'l Equity	8.4	71.8	28.9			Foreign	5.97	-4.4	71.8	4%	1.45
CDA Pacific Basin (KBSH)	Asia/Pacific Rim	11.4	177.6	42.8			Foreign	8.05	-24.9	177.6	33%	1.45
CDA Special Equity (KBSH)	Cdn. Small Cap	30.8	85.8	38.7			Yes	7.01	26.9	85.8	23%	1.44
Clarica MVP Asian Pacific RSP	Asia/Pacific Rim	10.5	177.2	44.3			Foreign	7.77	-25.5	177.2	40%	2.85
Clarica MVP Balanced	Cdn. Balanced	101.2	17.8	11.9	12.8	8.4	Yes	3.11	-10.1	25.2	13%	2.39
Clarica MVP Growth	Cdn. Small Cap	154.8	36.5	19.2	20.7		Yes	5.36	-20.6	48.3	22%	2.47
Cormel Balanced	Cdn. Balanced	28.7	15	13	14	11.4	N/A	2.91	-5.6	27.1	7%	0.92
Desjardins Diversified Secure	Cdn. Short-Term Bond	212	4.4	4.6			Yes	0.84	1.2	13	0%	1.69
Desjardins-Laurentian Bond	Cdn. Bond	20.1	0.2	6	9.9	9.9	N/A	1.14	8.8	25	7%	N/A
Desjardins-Laurentian Mortgage	Cdn. Mortgage	13.8	4	4.8	6.9	8	N/A	0.62	2.1	17.5	0%	N/A
Dominion Equity Resource	Natural Resources	18.7	41.6	-2.5	8.2	7.7	Yes	9.67	-41.8	163	45%	2.5
Fidelity Cdn. Asset Allocation	Cdn. Asset Allocation	5743.5	15.5	15.8	18.5		Yes	3.46	-1.5	41.6	2%	2.41
Fidelity Global Asset Allocation	Global Balanced	988.9	18.6	19.9	17.1		Foreign	3.18	-7.3	33.5	0%	2.59
Fidelity Japanese Growth	Japanese Equity	573	127.2	34	13.9		Foreign	7.29	24.4	127.2	56%	2.92
FMOQ Investment	Cdn. Balanced	39.6	24.2	19.7	19.8	15.8	No	4.57	-5.7	36.3	2%	0.64
GBC Canadian Growth	Cdn. Small Cap	280.5	24.2	18.4	19.8	16.2	Yes	5.82	-20.7	51.8	20%	1.86
Green Line Asian Growth	Asia (Ex. Japan)	113.2	91.5	9	7.5		Foreign	10.64	-52.2	98.4	44%	2.59
Green Line Cdn. Bond	Cdn. Bond	1142.3	-0.8	6.1	10.3	9.3	Yes	1.3	-8	22.5	9%	0.94
Green Line Precious Metals	Precious Metals	78.7	0.4	-19.3	2		Yes	10.92	-49.6	91.1	52%	2.12
Green Line Real Return Bond	Cdn. Bond	18.6	6.9	5.1	7.9		Yes	1.8	-0.3	19.4	2%	1.53
HSBC European	European Equity	148	29.8	31.6	26.4		Foreign	4.84	1.5	48.6	0%	2.13
ING Life Asset Allocation	Cdn. Asset Allocation	172.5	15.1	11.7	14	9.8	Yes	2.91	-7	27.6	7%	2.09
Investors Cdn. Natural Resource	Natural Resources	246.2	33.3	2.4			Yes	8.7	-34.3	47.8	56%	2.53
Investors Summa	Cdn. Equity	534.5	36.8	20.8	21	12.3	Yes	5.09	-15.5	46	16%	2.51
Lotus Balanced	Cdn. Balanced	33.1	18.7	12	13.6	10.1	Yes	3.39	-12.5	29.7	11%	1.97
Manulife Cabot Blue Chip	Cdn. Large Cap	43.7	46.4	21.3	20.2		Yes	5.15	-11.4	46.4	5%	2.5
Manulife Cabot Canadian Equity	Cdn. Large Cap	48.5	57.3	21.8	21.2		Yes	8.23	-18.7	57.3	10%	2.5
Manulife Cabot Global Equity	Global Equity	57.3	36.9	23.4	18.1		Foreign	3.73	-0.2	36.9	1%	2.5
Maritime Life Aggressive Equity B	Cdn. Equity	5.4	47.8	14.5			Yes	6.03	-22.9	47.8	37%	2.55
Maritime Life Aggressive Eq. A & C	Cdn. Equity	25.2	47.8	14.5			Yes	6.04	-22.9	47.8	37%	2.55
MatchMaker Reg. Strat. Security Port2	Cdn. Bond		3.8	5.6			Yes	1.04	2.6	11.7	0%	N/A
MatchMaker Strat. Bal. Port 1	Foreign Bond		8.5	7.9			No	1.8	0.9	18.9	0%	N/A
MatchMaker Strat. Bal. Port 2	Foreign Bond		9.5	9.9			No	2.38	-0.6	24.6	2%	N/A
MatchMaker Strat. Growth Port 1	Foreign Bond		11.7	8.7			No	3.2	-8.8	27.2	19%	N/A
MatchMaker Strat. Growth Port 2	Foreign Bond		18.1	9.8			No	3.86	-13.7	30.8	25%	N/A
MatchMaker Strat. Security Port 1	Cdn. Bond		2.9	5.1			No	1.04	2.2	10.9	0%	N/A
MatchMaker Strat. Security Port 2	Cdn. Bond		2.8	6.1			No	1.2	1.3	14.2	0%	N/A
MAXXUM American Equity	U.S. Equity	214.7	76.8	52.3			Foreign	6.15	13.4	78.6	0%	2.8
MAXXUM Global Equity	Global Equity	79.9	48.1	31.2			Foreign	4.87	0.8	48.1	0%	2.9
McDonald Canada Plus	Cdn. Balanced	2.7	51.9	19.9	15.1		Yes	5.97	-22	51.9	22%	2.7
McElvaine Investment Trust	Cdn. Equity	8.8	29.5	19.3			Yes	2.88	9.6	34.1	0%	N/A
NAL-Investor Global Equity	Global Equity	42.7	41	23.8	16.7		Foreign	4.4	-6.4	51.2	11%	2.76
O'Donnell U.S. Mid-Cap	U.S. Small/Mid Cap	89.2	36	29.3			Foreign	4.13	3.4	56.8	0%	3.05
O'Donnell World Equity	Global Equity	68.8	55.4	22.1			Foreign	3.53	1.9	55.4	0%	2.97
Ontario Teachers Growth	Cdn. Small Cap	33.6	46.9	17.4	17.8	9.1	Yes	5.45	-17.4	48.9	24%	0.9
Orbit World	Global Equity	28.2	68.1	47.4	24.8	16.4	Foreign	5.57	-11.6	99.1	16%	2.61
Pangee International Equity	Int'l Equity	121.7	50.6	23.4	16.8	11.7	Foreign	4.94	15.1	56.7	18%	1.36
PH&N Dividend Income	Cdn. Dividend	627.4	2.6	15.8	18.7	12.6	Yes	4.45	-8.9	57.9	11%	1.21
Royal & SunAlliance Equity	Cdn. Large Cap	247.4	36.6	18	18.2		Yes	5.2	15.7	42.4	14%	2.3
Spectrum United American Growth	U.S. Equity	1182.8	65.3	42.2	36	24.3	Foreign	7.12	-6.5	65.3	1%	2.39
Standard Life Cdn. Dividend	Cdn. Dividend	56	8.2	16.7	20		Yes	5.22	-9.2	54.2	14%	1.5
Transamerica Growsafe Cdn. Balanced	Cdn. Balanced	302.9	62.2	22.2	18.3		Yes	4.9	-7.4	62.2	5%	2.46
Transamerica Growsafe Cdn. Equity	Cdn. Equity	278.9	110.5	30.8	25.4		Yes	8.08	-22.4	110.5	10%	2.45
Transamerica Bal. Investment Gr	Cdn. Balanced	79.7	68.6	23.6	19.6	14.1	Yes	5.3	-18.3	68.6	3%	1.8
Universal Future	Cdn. Equity	1118.2	48.7	21.7	19.9	12.8	Yes	5.49	-18.4	55.3	22%	2.3
VenGrowth Fund	Labour-Sponsored	566.6	20.5	15.7	10.8		Yes	2.79	0.2	29.5	0%	4
Vistafund American Stock 1	U.S. Equity	10.8	38.4	32.1	28.7		Foreign	5.21	2.1	84.4	0%	1.63
Vistafund American Stock 2	U.S. Equity	61.2	35.3	31	25.8		Foreign	6.21	1.4	63.1	0%	2.38
Vistafund Global Equity 1	Int'l Equity	7.3	53.3	25.3	18		Foreign	4.78	-3.5	53.3	2%	1.63
Westbury Canadian Life 'B'	Cdn. Bond	1.1	-0.5	6.1	9.7	9.1	N/A	1.53	-7.3	21.8	11%	1.06
YMG Growth	Cdn. Small Cap	7.9	59.3	23.5	20.6	16.7	Yes	8.83	-34.7	61.5	34%	2.74

Dangers of the Herd Mentality

Checking out New York City's Nasdaq exchange many investors have been leaping into technology-sector funds

A fashionable new fund can be a useful part of a portfolio—but all too often results in the same old story of investors chasing last year's returns

By Diane Forrest

Lemmings do not deserve their reputations for running off cliffs and into the ocean in a panic-stricken herd Humans, on the other hand, are well-known to suffer from sudden irrational behaviour—especially around RRSP time, when they catch the scent of an exciting new kind of mutual fund "Every year, the fund companies bring out the new flavour," says Mike Berton of IFC Planning Group Inc in Vancouver And for a financial planner like Berton, it's difficult to persuade clients not to plunge their entire RRSP contribution into a new category of fund simply because it is highly touted and sounds ideal for current economic conditions

Often the fashionable new fund can be a useful part of a portfolio For example, the new foreign "clone" funds can be a helpful tool for those who want to maximize the foreign content in their retirement savings plans Under current rules, Canadians cannot invest more than 20 per cent of their RRSPs outside Canada. Clone funds do not actually invest in foreign stocks, but use derivatives to duplicate the performance of regular foreign funds, so they count as Canadian rather than foreign investments Another class of funds that is proving popular are the new Internet-inspired funds such as Altamira's E-Business Fund and AIM Global Technology Fund, both of which boast a year of stunning returns "You have to give the industry credit for invention," says John Kaszel, director of research at the Investment Funds Institute of Canada "If we stayed the same, we'd still have the vanilla funds we had in the '70s—equity, bonds money markets and perhaps a mortgage fund As investors become more sophisticated, they want products that serve specific needs"

The trouble is the appearance of a fresh, new type of fund all too often turns into the same old story of investors chasing last year's returns Indeed, FundMonitor com Corp , a financial research firm in Windsor, Ont , says that fund investors have a singular gift for buying into a particular cate-

Tourists, and the Bull, near Wall Street: concerns that proliferating funds encourage stampedes

The best way to deal with the confusing plethora of choices is to develop an investment plan and stick to it

gory at the wrong time A fund's published returns—the ones advertised in newspapers and magazines—are based on its results in a specified period But in real life, investors buy in and sell out all the time, so their results usually differ The researchers at FundMonitor com found that more than 80 per cent of investors who bought resource funds—and close to 90 per cent in the case of precious metals funds—earned less than the funds' stated returns simply because of when they bought Not surprisingly, companies tend to promote funds after they report big gains FundMonitor com looked at three-year returns that appeared in fund company ads and compared them with the returns in the three subsequent years In 92 per cent of the cases, the returns dropped

The 2000 RRSP season could see the same kind of missteps Investors have been dumping domestic equity funds and buying up clones at the very time that Canadian markets seem poised to outperform the world Similarly, Berton is having trouble discouraging his clients from leaping into technology funds The run-of-the-mill Canadian equity fund certainly looks unattractive, as it continues to trail the Toronto Stock Exchange 300 index. But the TSE is a misleading benchmark, says Berton. The outlandish success of a few high-tech companies—Nortel Networks, BCE Inc. and JDS Uniphase in particular—has distorted the TSE index Managers of equity funds, however, cannot bet the farm on a few tech companies, says Berton If the long-expected correction in tech stocks ever happens, he adds, investors will be grateful to those "underperforming" managers

Like many others in the financial services industry, Berton questions whether mutual fund companies really have investors' interests at heart as they churn out an increasingly confusing array of funds It's not investors demanding all that choice, says Colin Deane, a consultant with the national accounting firm Ernst & Young who follows the fund industry "There's so much product out there, companies are trying to find something to make them stand out," he says

Eric Kirzner, an investment expert who teaches at the Rotman School of Management at the University of Toronto, believes the proliferation of funds encourages investor stampedes "Investors worry that they're missing out on something," he says "They see science and technology funds, high-tech funds, e-commerce funds—it's just endless, the number of categories." Kirzner worries that investors will be tempted by the hype to forget their long-term plans and buy a little of each "The danger is not that you might choose wrong," Kirzner says, "but that you might end up with a portfolio that doesn't make sense"

Even the traditionally conservative Templeton Management Ltd has succumbed to the temptation to develop new products, introducing several new funds in the past year and a half Still, it has only 18 funds, "a very small number," points out Tim Hague, vice-president of marketing at Templeton Partly, that is because the company is concerned about the fallout from the constant introduction of funds Mutual funds were originally intended to offer a simple alternative to the stock market, yet now there are almost as many funds in Canada as there are stocks on the TSE "It has the potential to lead to a certain amount of cynicism," says Hague, "the belief that fund companies are just throwing everything against the wall and seeing what sticks"

C. I Mutual Funds of Toronto, one of the country's fastest-growing fund companies, trumpets in its ads that it has more than 100 funds In reality, many are different versions of the same fund; in all, the company offers 58 distinct portfolios Some were acquired through its merger last July with BPI Financial Corp and are due for consolidation this summer But the company plans to bring out a European fund and a global managers fund soon "Our whole game plan is to provide investors with choice," says president Peter Anderson

Anderson agrees that some may find the plethora of choice confusing, but points out a fairly obvious solution get a financial adviser, develop an investment plan and stick to it If clients are keen on putting money into new products, Berton says, "we do it with caution We don't put more than five per cent in" He makes sure clients look not just at compound returns, but at annual returns, so they understand what kind of a ride they will be in for While even the most disastrous buy may make a comeback eventually, "I show them how long it can take to make some money Three years is a long time to be naked and afraid." And wondering if the lemmings are laughing

Lunch in Ottawa: challenging the Liberals

Canada

Reform's Gamble

As the United Alternative convention approaches, Preston Manning's future is on the line

By John Geddes

Preston Manning, a keen Civil War buff, uses a classic battlefield analogy to describe his current position. He sees himself as an intrepid commander dug in at the base of a hill, about to charge up, wondering who is willing to follow. Is it only his loyal Reform soldiers, or a bigger United Alternative battalion reinforced by, say, a lot of fresh Ontario provincial Tory troops? As for the enemy perched on that hilltop, Manning is disdainful of its defences. "There's a bunch of fat, sleepy Liberals sitting up there," he scoffed recently, "thinking they can stay in forever."

Manning's offhand assessment of his adversary is more cavalier than calculated. Those are the Grits staring down at him, the same bunch that has governed in Ottawa for 34 of the past 50 years. Fat and sleepy? Try well-fed but watchful. Finding a way to beat the proven Liberal electoral machine is the undisguised aim of the United Alternative drive. So when supporters of Manning's bid to broaden Reform into a new party meet this week for their two-day Ottawa convention, talk among hard-core politicos in the corridors and hotel suites will rarely be about the thorny policy issues—from softening Reform's stand against bilingualism to perhaps endorsing a flat tax—slated for debate on the convention floor. They will be hashing over ways to win the next election.

Reform's official pollster will stoke those discussions. Last week, André Turcotte, who is scheduled to address the convention on Jan. 27, shared his key findings, based on extensive public opinion surveys from last March to December, in an advance interview with *Maclean's*. According to him, a UA party could hold Reform's core western support—while bringing the new right-leaning coalition within striking distance of the Liberals in Ontario.

Under the status quo, the Liberals would command 54 per cent of the Ontario vote, the Conservatives 21 per cent, Reform 16 per cent, the NDP eight per cent and others one per cent. With a UA option on the ballot, the Liberals would still get 42-per-cent support in Ontario, but the new party would grab 31 per cent, the NDP 17 per cent, the Tories just six per cent and others four per cent. "The UA makes it a horse race in Ontario," Turcotte asserts. "I like the idea of starting an election there just 11 points behind the supposedly unassailable Liberals."

Yet even that upbeat take on voter tendencies leaves the Liberals in a strong front-runner position in the most populous province. And few UA strategists talk seriously of a breakthrough in Quebec or the Atlantic provinces. That makes it easy to construct a scenario for the next election that relegates the UA to holding Reform's traditional Alberta and B.C. strongholds.

Still, provincial politics have lately served up a string of reminders that entrenched governing parties can be more vulnerable than they seem. Roy Romanow's NDP strolled into last fall's campaign far ahead in the polls, only to be slapped down to minority status by the upstart Saskatchewan Party. New Brunswick's Liberals watched their big lead in pre-campaign polls evaporate as untried Tory Leader Bernard Lord, then 33, slaked voters' thirst for change. In Manitoba, Tory Gary Filmon's gravitas as the country's longest-serving premier at the time was not enough to fend off his reinvigorated old NDP rival, Gary Doer. Strategists from each of these campaigns—the guys politicians want in their war rooms when things get tough—see lessons from their breakthroughs that might apply to the UA. Three backroom veterans, only one a UA advocate, were interviewed by *Maclean's*.

- "Cultivate the time-for-a-change message," urges John Laschinger, a seasoned Tory organizer who served as polling guru and tactician for Lord's campaign. "The Liberals have been in power seven years—say that on a regular basis. Time for an itch, time for a scratch." He would zero in on two policy themes—though he says neither is ultimately as central as health care and tax cuts—that could be exploited to remind voters they might like a break from the Liberals: the sorry state of the armed forces and, especially, illegal immigration. "I don't see any evidence that those cards are being played right," Laschinger says.
- "Demonstrate your own sincerity on the issues," advises Harry Meyers, a former top Reform official who guided the Saskatchewan Party's near-miss campaign. Sounds like motherhood, but Meyers says dogged adherence to core policy pays ballot-box dividends. Formed by Reformers, Liberals and Conservatives in 1997, the Saskatchewan Party's earnest, issues-oriented style overcame Romanow's bid to label it the successor to the scandal-tainted provincial Tories. That's a trick the UA would have to duplicate to establish itself as something other than Reform by another name. But then, the Saskatchewan Party had the advantage of a fresh, non-Tory leader, former Reform MP Elwin Hermanson. Could a UA led by Manning, who intends to stand for its leadership, claim an identity as anything but warmed-over Reform? "I happen to think Preston would make a great prime minister," says Meyers, who plans to attend this week's UA gathering. "But the question is, is he carrying so much baggage that he will hold the new party back?"
- "Neutralize your opponent's positives," suggests Brian O'Leary, a veteran NDP organizer who served as a top strategist to the Doer campaign in Manitoba. O'Leary says a key Doer tactic was to assert that he would not reverse Filmon's most popular policies, including a vow not to repeal the Tory balanced-budget law. After absorbing your rival's best points, move on to scoring your own. O'Leary says that means avoiding sweeping statements of principle—an old Reform weakness—in favour of pithy promises. In the winning Doer campaign, the NDP resisted the urge to drone on about the sanctity of universal health care in favour of a pointed vow to end "hallway medicine" by spending a modest $15 million hiring nurses and reopening 100 hospital beds. "In the past, we focused on good policy, not good platform," O'Leary said. "This time, the platform was symbolic and emblematic."

All this free advice is useless, of course, if the UA stalls at its inception. The final decision is still months away: the UA must be ratified by two-thirds of Reformers in a spring referendum. Manning has said he will step aside if the UA is voted down. Some Reformers are already trying to josde him aside; first, B.C. MP Richard Harris, and last week Alberta's Lee Morrison, said they will seek the Reform leadership. But others are also engaged in intramural squabbling. Joe Clark's Tories, standing aloof from the UA tangle, are bitterly divided over his opposition to the Liberals' legislation on a future Quebec referendum. Liberals are feuding over shadowy manoeuvring by would-be successors to Jean Chrétien. Hovering above the fray is the Prime Minister himself: his decision to stay or go will set the tone of the next campaign more than all the tactics of the savviest election minds combined. ■

Senators goalie Ron Tugnutt: a bailout package that struck a Canadian nerve

Canada

Offside in Ottawa

The feds see the video replay and back down

By John Geddes in Ottawa

In hockey, it is often the unexpected change of direction, with a rasp of blades and a spray of ice shavings, that turns a routine play into a split second of genius. In politics, however, a sudden reversal rarely looks like a finesse move. So it was last week when Industry Minister John Manley proposed and then withdrew a multimillion-dollar aid package for Canadian NHL teams in just three days. He made the offer with the candid admission that popular opinion was divided and he seemed braced for a public outcry. What caught him with his head down, though, was the extent of that grassroots backlash across the country and hard hits dished out by provincial politicians who, Manley claimed, had hinted they would be receptive to his plan. "We'd clearly had signals that there were things that could be done together," he said, "if we would only come to the table and clarify what our position would be."

But there would be no such negotiations. Ontario's Mike Harris set the tone by angrily declaring: "Our contribution to professional hockey through taxpayers' subsidy will be zero as long as I'm premier." The rest of the provinces that are home to NHL franchises—Quebec, Alberta and British Columbia—also ruled out their participation. Federal officials conceded that Quebec and British Columbia had always been cool towards the notion of combined federal, provincial and municipal co-operation with the NHL to keep financially strapped teams in Canada. But they insisted Ontario and Alberta had been pleading for federal leadership, without ruling out direct support to teams—until Manley went public with such a plan.

Industry Minister Manley: giving and then taking away

In Harris's case, the hardline position seemed at odds with steps his own government took last fall. On Oct. 28, Ontario changed tax laws to let its municipalities give arenas—including the Ottawa Senators' Corel Centre and the Toronto Maple Leafs' Air Canada Centre—relief from property taxes. Ontario stood to lose up to $16 million in revenues if all the municipalities took advantage of the change. Last week, Harris insisted the move was never intended as a tax break for NHL teams. However, in a letter to Manley dated last Sept. 16 and obtained by *Maclean's*, Ontario Finance Minister Ernie Eves clearly framed his "willingness to consider possible property-tax relief options for professional sporting facilities" as one way to help out NHL teams. Eves even wrote that he had already discussed the possibility with "representatives from Ontario's NHL franchises."

If Harris was taking a more uncompromising stand last week, he was hardly alone. Manley's announcement unleashed a torrent of anger—from the Liberal caucus as well as opposition politicians, and Canadians from coast to coast. Why, critics asked, was Ottawa extending a helping hand to big money hockey when Prairie farmers and Cape Breton coal miners are hurting, and hospital emergency rooms are underfunded. Those arguments were compelling, although Manley's proposal would have cost Ottawa no more than $20 million a year. During a late-night telephone call, Manley and Prime Minister Jean Chrétien, who was vacationing in Florida, decided to scrap the proposal.

The next move belongs to Manley's friend and ally, Ottawa Senators owner Rod Bryden, who says a decision on whether to sell his money-losing team to a U.S. city would come within 30 days. The Vancouver Canucks' owners say their team has lost $45 million in the past three years, and both the Calgary Flames and Edmonton Oilers are struggling financially. "We would be broken-hearted if either of our teams left," Alberta Treasurer Stockwell Day told *Maclean's*. "But we will not drag taxpayers into this boat." Last week's uproar left no doubt many Canadians share his sentiment. ■

Cape Breton farewell

A grief-stricken community says its final goodbyes to a homegrown star

By John DeMont

They lined up four abreast in the numbing cold outside the old family homestead in Mabou—waiting for hours to say a final goodbye to John Morris Rankin. Inside the Red Shoe Pub, 100 m from the wake, old friends embraced and a doleful woman heading for the bar blurted, "He would have wanted us to have a pint." At the front of the room, a fiddler in dress shirt, tie and suspenders, along with a piano player sporting coveralls, tossed off some of the same reels, jigs and strathspeys the eldest member of The Rankin Family made his own. And on the hill overlooking the village, St. Mary's Roman Catholic Church—where the world-famous Celtic musician was baptized and last week eulogized—shone brightly into the night, lit by strobe lights and a simple illuminated cross atop its steeple.

Tiny, picture-perfect Mabou was disconsolate last week. Not just because the world lost an important musician. Rankin's death at age 40 in a freak auto accident was a tragedy on a deeper, more personal level for the people in the close-knit Cape Breton village. They had watched the uplifting family saga unfold: the 12 kids brought up by their mother, Kathleen, after their father, Buddy, died, the first musical steps taken by John Morris and his siblings Jimmy, Cookie, Heather and Raylene at local ceilidhs and kitchen parties, their blossoming into a roots-oriented band that sold two million records and ignited the Celtic music boom in Canada before calling it quits last September.

In John Morris, perhaps more than in the other members of the group, the villagers seemed to glimpse something of themselves. He, after all, was the shy Rankin who shunned the spotlight despite his virtuosity on the fiddle and piano. He was the one who stayed closest to the area's proud 300-year-old musical tradition. He was also the Rankin who came home, moving to nearby Judique when the group announced its amicable split. "He just wanted to slow down after all that time on the road, play a few gigs and spend time with his family," said Joey Beaton, a piano player and composer whose fiddler father, Donald Angus Beaton, was Rankin's early mentor. His retirement, spent with his wife, Sally, his daughter, Molly, 13, herself a promising fiddler, and son Michael, 15, lasted only five months. After a decade of travelling the globe, John Morris died while driving his son and two friends to a hockey game, less than an hour from home on a stretch of straight road he had travelled countless times before (all three boys survived).

By the end of last week, the pile of salt he likely swerved to avoid was gone. But footprints from mourners and the curious covered the snow on top of the 25-m cliff over which his sports utility vehicle plunged before landing in the pounding sea. In Mabou, his body lay in state for two days and nights in an open casket in the flower-filled parlour as visitors streamed by. Then the 11 remaining siblings (their mother died in 1998), some of whom had travelled from as far away as the United Arab Emirates, said their goodbyes and the hearse drove slowly along the main street, where the sign on a general store read, "Closed from 1 to 3 p.m. because of a death in our community."

St. Mary's Roman Catholic Church; Rankin (left): 'He just wanted to spend time with his family'

And the community responded, with a send-off the likes of which Mabou has never seen. At the church, 17 clergy sat in the front, while about 600 mourners crowded the pews or stood, and another 300 listened to a broadcast at the nearby convent chapel. At the end, about 70 Maritime fiddlers said goodbye the only way they knew how, by playing *The Glencoe March* as the grief-stricken family made their way down the aisle. "How do you make any sense out of something like this?" said Denis Ryan, an Irish singer living in Halifax who sang during the funeral. "Maybe there's no way to." Many others gathered for the final farewell likely felt the same. ■

Searching on the lakefront: a horrible discovery

Arrests in a grisly murder

Police arrested Muhammad Arsal Khan, 36, and his wife, Kaneez Fatima, 45, for the murder of Khan's five-year-old daughter, Farah, in Toronto. The shocking case first came to light in early December when a woman walking her dog along the lakeshore in west Toronto saw a couple burying something under rocks. Suspicious, she later checked and found a garbage bag containing the limbs of a child. Police subsequently uncovered two more garbage bags containing body parts in the same location—near where Khan and Fatima lived until Dec. 24. Last week, police also discovered the little girl's head, in a north Toronto park not far from where the couple had just moved.

Armed with a composite drawing of the two suspects, police focused part of their investigation on schools and any mysterious absences of children. Last week, acting on information provided by a west Toronto kindergarten teacher, they arrested Khan and Fatima. An autopsy has shown that Farah, whose natural mother lives in Pakistan, was likely beaten to death. Khan, who is now a landed immigrant, received legal guardianship of his daughter when the little girl was four months old, shortly after he and his first wife divorced in Pakistan.

Hunting rights for the Métis

Métis activists hailed it as a "massive victory," but Ontario Premier Mike Harris was less than enthused. Last week, his province's Superior Court upheld a lower court ruling saying that Métis in the province—those of mixed Indian and European blood—have the right to hunt and fish independent of provincial regulations. Harris, who said the decision could have an impact across the country, noted that the broadening of hunting and fishing rights also raised serious conservation concerns. The premier added that his government may appeal.

A chief resigns

Edmonton's beleaguered police chief, John Lindsay, stepped down with a $310,000 buyout package after almost a year at the centre of a police corruption scandal. Last spring, two Edmonton police detectives came forward with charges that senior officers had been passing confidential information to motorcycle gang members and other organized crime figures—and that Lindsay had ignored the allegations. A subsequent RCMP inquiry cleared the chief of wrongdoing, but the damage had clearly been done.

Last week, the Edmonton Police Commission, which oversees the force, said the scandal had nothing to do with the settlement it arrived at with Lindsay. In fact, the former chief will earn his buyout as a consultant to the commission until June, 2001, after which he will retire at full pension.

Terror and the courts

The Federal Court of Canada upheld federal legislation allowing Ottawa to deport suspected terrorists to countries where they face the risk of torture. Ruling in the case of Manickavasagam Suresh, a Tamil from Sri Lanka, the court said that Suresh, who raised funds in Canada for the terrorist Tamil Tigers, had been involved in activities that "constitute reprehensible conduct outside the protections offered by the charter." Suresh's lawyer said the case will be appealed to the Supreme Court of Canada.

Deportation is clearly easier said than done. In Montreal, Algerian-born Mokhtar Haouari appeared in Quebec Superior Court in connection with his alleged involvement in a bomb plot aimed at the United States. The court heard how Canadian authorities had continually tried to deport Haouari, who arrived in Canada in 1993. But after Ottawa refused his refugee claim, he used the appeals process to stay. Justice Jean-Guy Boilard, who blasted Canada's immigration laws, ordered Haouari jailed until an extradition hearing on March 15. Three other Algerians, all of whom have lived in Montreal at some point, face charges in the United States related to the alleged terrorist plot.

Child porn hearing

The Supreme Court of Canada heard an appeal of two lower court decisions in British Columbia that struck down the country's child pornography legislation. The case revolved around John Robin Sharpe, 66, a retired city planner, who was charged in 1995 with possession of child pornography. Sharpe argued that the law was unconstitutional, banning works of the imagination—in this case pornographic writings by Sharpe himself.

Government lawyers argued that the rights of children should supersede charter of rights guarantees to privacy and freedom of expression. But John McAlpine, lawyer for the B.C. Civil Liberties Association, said the court "would drive a stake through the heart of liberty" if it sides with the position advanced by the government. Two judges, Charles Gonthier and Claire L'Heureux Dubé, responded by saying freedom of expression is not absolute. A decision will not come until later this year.

The search goes on

Authorities in Toronto said DNA tests showed that a man who lived under a false identity in Sudbury, Ont., and died of cancer in 1987 was not the individual wanted for the 1983 murder of Sharin' Morningstar Keenan in Toronto. Police had hoped the mysterious man, whose identity is still not known, was Dennis Melvin Howe, who allegedly raped and killed the nine-year-old and then stuffed her body into a refrigerator before disappearing.

Tory blowup

Charlie Power, Conservative MP for St. John's West in Newfoundland, stepped down—and in the process lashed out at party leader Joe Clark. Power said his decision was in part due to Clark's opposition to the Liberal government's Clarity Bill, which attempts to set ground rules for Quebec secession. It was just the latest blowup over Clark's position, which many Tories see as being too soft on Quebec: earlier in the week, chief policy adviser Timothy Powers also resigned—reportedly over his unhappiness with Clark—and went to work for a Liberal consulting firm.

Settling scores

Saturday Night magazine settled a libel suit brought against it three years ago by child-rights activist Craig Kielburger. A November, 1996, article by Isabel Vincent cast aspersions on Kielburger's motives, family and fund-raising activities; last week, *Saturday Night* agreed to pay him $319,000. Kielburger said he felt vindicated.

Trouble at Sydney Steel

The 700 employees of Sydney Steel Corp. faced an uncertain future after the Nova Scotia government, which owns the troubled mill, scrapped a proposed $30-million deal to sell it to a private consortium. Rail Associates Inc., a consortium of eight companies, was supposed to come up with a $1.5-million deposit by Jan. 12. It failed to materialize. The government said it would bring in receivers to find a buyer or sell the assets. The plant will operate for at least three months until existing orders are filled.

World

A Hero's Quest

John McCain breaks all the rules as the U.S. campaign intensifies

By **Andrew Phillips** in Nashua

John McCain's campaign bus is rolling through New Hampshire, from Laconia to Nashua and half a dozen places in between. In the back, the candidate is ensconced in his red-leather swivel chair, nibbling on cheese and holding forth on everything from whether he has used illicit drugs ("never") to his personal failings ("I'm a very flawed man") and the horrors of the Canadian health-care system ("it's in a state of collapse"). As the bus slaloms along icy back roads, he goes on ... and on ... and on ... hour after weary hour. If a willingness to talk to one and all about just about everything guaranteed political success, the senator from Arizona would win the White House in a walk.

Of course, it doesn't. But McCain's highly unorthodox approach has made him the most compelling figure in this year's presidential contest. The conventional wisdom among political professionals has long been that campaigns must be focused, controlled, "on message," with access to the candidate doled out to a favoured few. McCain has turned all that on its head—and, amazingly, it has worked. Going into this week, he was the odds-on favourite to win New Hampshire's key Republican primary vote on Feb. 1. Texas Gov. George W. Bush still has overwhelming strength across the country. But McCain has done what no one thought possible: turn the Republican presidential contest into a real fight.

He did it in part by taking advantage of the byzantine nominating process. He passed up this week's Iowa caucuses, choosing instead to concentrate his limited resources in New Hampshire, which by long tradition (and state law) holds the first primary for both Republicans and Democrats. That gives the defiantly independent folk of one of the smallest (1.2 million people) and most conservative states a hugely disproportionate say in who goes to the White House. In Canadian terms, it would be as if potential prime ministers had to spend weeks wooing the voters of Prince Edward Island before taking their message to Toronto or Vancouver.

McCain meets students in Manchester, N.H.: strong criticism of Canadian health care

McCain forced a real race partly by being as open and accessible as any major candidate in memory. In the back of his bus (dubbed the "Straight Talk Express" by his campaign), he fields every imaginable question. When reporters, sometimes a dozen crammed into a space hardly bigger than a booth in a diner, run out of queries, the 63-year-old senator is likely to start reciting poetry (Robert Service's Yukon epic, *The Cremation of Sam McGee*, is a favourite). After hearing complaints at town-hall meetings all morning about the high cost of prescription drugs, McCain lamented the fact that Americans are going to Canada to buy cheaper pills. "You can drive a couple of hours north of here into Canada and get drugs at half cost," he told 200 people who packed the fire hall in the town of Gilford at 7:30 on a bone-chilling morning. "That isn't right."

That set him off on a reflection about Canadian health care, prompted by a report in *The New York Times* detailing long waits for operations and overcrowding at hospitals in Canada. "I'm reading about the incredible collapse of the Canadian health system," he told *Maclean's* later. "I remember when people were saying 'why don't we have a system like Canada's?' But when I read about old ladies lying on stretchers in hospital corridors, that isn't something Americans are going to put up with."

Health care, in fact, is high on the list of concerns for voters in New Hampshire, as elsewhere—and Canada's stumbling system is becoming an object lesson for Americans in what *not* to do. The next morning at a factory in Pittsfield, Bush fielded a question from Sarah Boyce, who identified herself as a Canadian and told him that her mother in New Brunswick had to wait months for a knee operation. "We can't allow government to run health care," Bush concluded. "I don't think we want the Canadian system where services are rationed by the government." Boyce, originally from Moncton, said later that she'll never return to Canada largely because she fears having to wait for care.

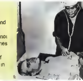
Polls last week put McCain as much as nine points ahead of Bush in New Hampshire. His strategy (it's no secret—he talks about it all the time) is to win there on Feb. 1, then take the South Carolina primary on Feb. 19 and his home state of Arizona on Feb. 22. He hopes that momentum will let him challenge Bush on so-called Super Tuesday—March 7. That's when 11 states—including New York and California—hold their primaries, and when both the Republican and Democratic nominees may well be decided. It's still a long shot. Bush has more money than any other candidate—$67 million (U.S.) by the end of December—and strong organizations in every state. McCain, by contrast, has appeal as a maverick outsider and a compelling personal story of survival and heroism during his 5½ years as a prisoner of war in North Vietnam.

Luckily for him that's a combination tailor-made for New Hampshire, which has an ornery tradition of snubbing establishment candidates like Bush. "We don't like heirs apparent," says Michael York, the state librarian who runs an archive dedicated to New Hampshire's cherished first-in-the-nation primary. "Candidates have to prove themselves here."

McCain offers an odd mix of positions that seem to have caught the popular mood. On most issues he is reliably conservative. But in a few high-profile areas he has staked out ground far from his party's mainstream. Most famously, he is the leading advocate of rewriting U.S. campaign laws to curb the influence of wealthy political donors—a populist stand that allows him to rail against "special interests" in a manner reminiscent of his political hero, Theodore Roosevelt. And he advocates a smaller tax cut than Bush and using more of the federal surplus to shore up the social security system. Both those stands put McCain at odds with most Republicans, but broaden his appeal to independent voters.

The POW factor

A key part of John McCain's campaign—and appeal—has been his Vietnam war story. As a Navy pilot he was shot down over Hanoi in 1967. The Vietnamese treated his injuries (right), but he was also severely tortured. In all, he spent 5½ years as a prisoner of war, including two in solitary confinement in a two-by-three-metre hole in the ground.



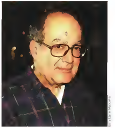
McCain's almost compulsive openness is mainly a matter of personality, but it has its calculated side as well. It has helped turn him into the media darling of the 2000 campaign; normally cynical political reporters confess an impulse to run away and join the McCain circus. More important, it gets his message out far beyond what he could buy with his limited $20 million (U.S.) budget. His aides know the value of a candidate who can talk his way onto front pages through sheer charm and persistence. Mike Murphy, McCain's political strategist (as well as being a controversial adviser to Ontario Premier Mike Harris), jerked his head towards the non-stop media session going on aboard the Straight Talk Express and said: "That's a million-dollar-a-day news factory for us."

Odds are it won't be enough. On both the Republican and Democratic sides, the establishment candidates (Bush and Vice-President Al Gore) have huge advantages over their main challengers (McCain and former senator Bill Bradley). If McCain loses in New Hampshire, he will be finished. Even if he wins, it would take a minor miracle for him to overcome Bush's lead in money and organization. In the meantime, though, he is rewriting the rules of political campaigning. ■

Saddam's nuke hunt

An ex-backer writes a searing biography of the Iraqi dictator

By Barry Came in London



Aburish, Saddam (below): an attempt to acquire a Canadian reactor to make a bomb

Even now, more than 20 years later, Said Aburish can vividly remember Paul Martin's naked dismay at the nature of the request. The two were only vaguely acquainted at the time, having had mutual friends in the same university fraternity. But both were rising stars in their respective firmaments. Martin, a businessman who would go on to become today's finance minister, was plugged into the Liberal party power structure through his father, a Trudeau cabinet minister. And Aburish was a prosperous player in the murky world of the Middle Eastern arms trade. "I was looking for introductions," he recalls. "I had been sent to Canada on a super-secret mission by Saddam Hussein to see if I could buy a Canadian nuclear reactor for Iraq. When Martin found out, he exploded. He flatly refused to have anything to do with the project," Aburish adds with a wry grin. "He also told me I was crazy."

Crazy or not, Aburish did eventually manage to wangle an introduction back in 1975, only to have his reactor request declined by the authorities at Atomic Energy of Canada Ltd. But in a measure of how much the world has changed over the past two decades, Saddam's attempt to acquire Canadian nuclear expertise was rebuffed not on moral grounds but rather, Aburish asserts, "because they had too heavy a backlog of orders." He makes the claim in a new book, *Saddam Hussein: The Politics of Revenge*, scheduled for publication this week in the United States and Britain, next month in Canada. The work explores the twisted psyche of Iraq's strongman from a unique perspective. Aburish, a Palestinian, is not only an Arab himself but he is also one who, for a time at least, eagerly toiled to help equip Saddam's bloodthirsty regime with the latest in modern weaponry.

The 66-year-old American-educated author, now a U.S. citizen based in London, freely admits that he understood the ultimate purpose of the 1975 mission to Canada that so discomfited Martin. "I knew from the start," he writes in *Saddam*, "that Iraq was trying to obtain an atomic weapon, believed that it was reasonable for the Arabs to have one and made myself available to help Saddam."

Over lunch near his home in London's chic Kensington district, he explains why. "The 1967 Arab defeat by Israel really messed up my entire generation," he says. "Until 1967, everything that happened in the Middle East could be blamed on the West and bad Arab leadership. But in 1967, we were suddenly faced with the fact that [Egyptian President Gamal Abdel] Nasser, the man we adored, had led us to even worse disaster. It was devastating, a near mortal psychological wound. So when Saddam appeared on the scene, a lot of us wholeheartedly approved of his effort to create a 'balance of terror' between Israel and the Arabs."

Aburish's book chronicles that endeavour in meticulous detail. The facts and figures are exhaustive, of the sort that only an insider could supply. He offers the most complete record yet of how perilously close Saddam came to achieving military parity with Israel and self-sufficiency in manufacturing the most sophisticated arms, including his notorious arsenal of chemical and biological weapons. It is also a powerful reminder that the Iraqi leader, now so demonized, was once fervently courted by Western arms suppliers.

But times change. As do people, none more so than Aburish himself. The onetime consummate Palestinian middleman grew disillusioned with his role as one of Saddam's conduits to the West and quit, at considerable financial sacrifice as well as personal risk. Since then, he has established himself as an author. He won plaudits for *Children of Bethany*, his moving 1986 account of the Israeli takeover of his native village outside Jerusalem. He also earned the enmity of the Saudi Arabian regime with *The Rise, Corruption and Coming Fall of the House of Saud*, then similarly angered the Palestinian leadership with his 1998 biography *Arafat: From Defender to Dictator*. As a result of his writings, he is no longer welcome anywhere in the Arab world. "That's a source of pride," he defiantly remarks. "The current Arab leadership is a generation of midgets." For Said Aburish, Saddam Hussein once escaped the epithet. No longer. ■

Andrew Phillips

The real power centre

Tourists come to Washington to gawk at the impressive buildings where the important people work, shaping the lives of lesser folk The White House, Congress, the Supreme Court—places like that. But the new millennium is barely out of bed and it's already clear they may be looking in the wrong direction

If you want a peek at where the *really* important people in Washington hang out, you might do better these days to cross the Potomac River and drive deep into the suburbs of northern Virginia Head west along an unlovely highway called the Dulles Toll Road This goes to the airport of the same name, but, more important, it cuts through the biggest concentration of high-tech companies on the East Coast

The jewel in the crown, of course, is America Online, newest master of the media universe after its mega-merger with Time Warner In the manner of the new economy, AOL operates not from a plain old office building, or even a fancy new one, but from a 62-hectare "campus" out by the airport. About 2,500 people work there now in buildings with names like "Creative Center 1" and "Creative Center 2" But AOL is just the start The Virginia suburbs are home to high-tech stars like telecommunications giant MCI WorldCom, Internet service providers PSINet and UUNet Technologies, as well as industry leaders such as Teligent and Nextel Some 3,000 companies in all, employing a quarter of a million people

Case (right) clowns with Time Warner chief Jerry Levin at AOL's HQ 2,000 millionaires

The point is that while the traditional Washington of lawmakers, administrators and war planners is shrinking, a new city of techno-wizards has risen alongside it The federal government has cut 57,000 jobs in the area since the early 1990s, but the explosion in technology has more than made up for that

Newly minted millionaires roam the suburbs, driving up the price of housing and everything else *The Washingtonian* magazine estimated recently that AOL alone has created 2,000 millionaires ranging from top executives to lowly customer-service reps cashing in their stock options AOL's parking lot has gone upscale, "from a ragtag collection of Hondas, banged-up trucks and old BMWs to Porsches, Mercedes, Range Rovers and a few Ferraris" But in keeping with the less flamboyant style of the area, even the biggest fish tend to live below their means AOL chief executive Steve Case, worth something like $2 billion, lives in a suburban Virginia house that is always described as "modest" (i.e., no pool).

There are plenty of other hot tech centres, of course. Aside from the original Silicon Valley around San Jose, Calif., there's Seattle, Boston, North Carolina's Research Triangle, and even Austin, Tex., known these days as much for Dell Computers as for being home to George W Bush Traffic between these centres is intense United and American airlines have added so-called nerd bird direct flights from Dulles to San Jose to handle all the commuting software executives. The flights have a unique culture, with travellers acutely conscious of the danger of airborne snooping for sensitive business secrets (The basic rule is to keep laptop screens dimmed and bent at a tough-to-read angle to foil prying eyes)

The difference with Washington is that it provides object lesson No 1 in how the United States has evolved over the past decade. The decline of politics is by now an old story Americans don't look to government to improve their lives nearly as much as they did a generation ago The end of the Cold War and the nuclear threat has stripped away the mystique of the presidency Barely half of Americans vote, even in national elections Politicians still provide entertainment value, but they're arguably less important than they've been since the 1920s

Washington might have faded with them, but the tech boom has given it new importance and made it more prosperous than ever Of course, like Ottawa on a much more modest scale, the capital had a head start the concentration of government spending, especially in the defence industry, has long provided steady demand for high-tech services. And the Internet was invented there The Pentagon developed its prototype in the early 1960s as a way of ensuring that military commands could be securely sent in case of Soviet attack

The result is that many of the most powerful people in the area live and work far from the monumental edifices of downtown Washington The ability to shape people's lives, the traditional currency of the capital, has shifted to the bland buildings of the suburbs Too bad most of them are too ugly to attract any tourist buses.

Embattled Kohl resigns

Former German chancellor Helmut Kohl resigned his post as honorary chairman of the Christian Democratic Union amid a widening scandal involving bribes and secret cash transfers during his 16 years in power. Kohl's resignation was followed by the suicide of the party's senior accountant, who was being investigated by police over charges that he helped hide some of the illegal donations.

Christians flee riots

Muslim rioters wielding machetes went on an anti-Christian rampage on the Indonesian resort island of Lombok after a rally calling for peace turned violent. Nearly 5,000 people have fled Lombok, which lies next to the tourism-dominated Hindu island of Bali, in the latest wave of sectarian violence, which has claimed thousands of lives in the archipelago.

Socialist wins in Chile

Left-winger Ricardo Lagos was elected president of Chile, narrowly defeating conservative rival Joaquin Lavin. Analysts say Lagos, the first socialist elected in Chile since Salvador Allende in 1973, may have gained increased support among voters angered that ailing former dictator Augusto Pinochet, who overthrew Allende, could soon return to Chile from London.

Craxi dies after long exile

Former Italian prime minister Bettino Craxi died in Tunisia, where he fled in 1994 to escape corruption charges. An Italian court convicted Craxi in absentia for accepting millions of dollars in bribes in a scandal that brought down many in the country's political elite.

Elián's grandmothers arrive

The two grandmothers of six-year-old Elián González flew from Cuba to the United States to begin a campaign to have the boy returned to the island. Elián, picked up in waters off Florida after his mother died in a bid to flee Cuba, has been staying with relatives in Miami. The U.S. government says he should go home to live with his father, but a group of congressmen was preparing legislation to have him stay.

A high-society murder mystery

After 25 years, two high-profile books and a made-for-TV movie, a relative of the star-crossed Kennedy clan has been charged in the brutal murder of 15-year-old Martha Moxley, who was bludgeoned and stabbed to death with a golf club on a wealthy estate in Greenwich, Conn., in 1975. The accused, 39-year-old Michael Skakel, is a nephew of late senator Robert Kennedy through his wife, Ethel. In an unusual legal twist, Skakel has been charged as a juvenile because he was also 15 at the time of the murder. He turned himself in, posted $500,000 (U.S.) bail, and returned to his home in Hobe Sound, Fla., pending arraignment on Feb. 8.

Moxley, Skakel (top): Kennedy connection

The mystery of the Moxley murder has been simmering in society circles of Greenwich, a posh suburb of New York City, almost since the teen's body was found on Halloween morning, several hours after she, Skakel and others were out on a night of pranks. Skakel and his elder brother, Thomas, then 17, were suspects from the outset, supposedly caught up in a jealous rivalry. Two years ago, the case was the subject of a nonfiction book by Mark Fuhrman, the former Los Angeles detective whose racist remarks contributed to the acquittal of O. J. Simpson. Around the same time, a Connecticut Superior Court judge, acting as a grand jury, was appointed to re-examine the case. Prosecutors uncovered new evidence in which Skakel is alleged to have discussed his involvement in the murder while at a treatment centre for substance abuse from 1978 to 1980.

A money scandal rocks Israeli politics

Israeli police launched a criminal probe into whether President Ezer Weizman, while a cabinet minister in a coalition government, accepted large sums of money from a French businessman seeking tax-exempt status in Israel. Weizman, 75, one of the last of the country's generation of founding heroes, admits receiving about $290,000 from the man, but says it was just a gift "from an old friend." He is also alleged to have thrown his minority party's support to Labour Leader Shimon Peres in 1984 in return for a $5-million loan to a business partner.

Democratic Lords

British Prime Minister Tony Blair is being urged to democratize the House of Lords by allowing commoners, ethnic representatives and religious leaders of all persuasions to sit in the upper chamber—and by stripping himself of the power to make appointments. The recommendations come from a 12-member commission struck by Blair to revamp the ancient institution. His government said only that it will study the proposals, but if accepted they would leave Canada as one of the few countries where upper-house members are simply appointed by the prime minister. The British report suggests three different methods, including election, for choosing up to 195 regionally based members in a reformed House of Lords of about 550. Most of the rest would be citizens appointed by special independent commissions.

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Grade 3 teacher.
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IN THE WAY HUMAN BEINGS
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OR
ONE DAY IN THE
COURSE OF A LIFETIME?
A lot has been said about change in the new millennium. So much so, that tried and true consistency hasn't really gotten the respect it deserves lately. Without a doubt, there'll be new technologies, new systems, new sectors and new opportunities developed in the coming years. But ultimately, anything new better serves us all only if it has lasting value. At Fidelity Investments, we've grown to be the world's largest mutual fund company during the last 50 years because, more than anything, we believe in a consistent approach. It helps us successfully manage over 925 billion* dollars in assets. But more importantly, it drives us to act not just for the good of 15 million investors today, but 15 million people in it for the long term.
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Waging a War on Branding

Anti-corporate activists take issue with the ubiquitous use of logos

By Brian Bethune

Naomi Klein does not exactly look like the stereotype of the counterculture radical. In her neat grey jacket and black skirt, the 29-year-old freelance journalist could easily be applying for a job at the most conservative of blue-chip firms. But Klein has come to talk about her much-touted book, *No Logo: Taking Aim at the Brand Bullies*, an analysis of a growing worldwide opposition to not much less than the entire global economic system. And like much of that opposition, Klein focuses her attack on the public face—and most prized possessions—of transnational corporations: their brand names. "Branding is a specific, predatory corporate ideology," Klein explains, characterizing what she sees as an effort to privatize common culture and public space. "And what I describe are attempts to use the power of branding against itself."

Nike, Pepsi, Mercedes-Benz and other corporations with famous brands and instantly recognized logos—and their ad agencies—might want to pay attention to Klein's account. For one thing, the Toronto writer is clearly not alone in her views. The thousands who took part in the chaotic mass protests that accompanied the World Trade Organization summit in Seattle last year clearly displayed a deep suspicion of big business. And Seattle, widely viewed as a victory for their side, has had a galvanizing effect. A decade ago, Klein says, left-wing political activists were enmeshed in "an incredible apathy that accompanied the shift from national economies to globalization." But by the mid-'90s, activists, angered by what they saw as the abuses of global multinationals—moving capital and jobs across borders at will, making cozy deals with unsavoury regimes—began to shift their tactics to direct attacks on corporations.

Thread picker: no logo

Activists have brought to North America $2-a-day Third World clothing workers, including teenage Gap seamstresses from Guatemala and Indonesian Nike union organizers. The point: to have them see—under the glare of TV lights—the prices their sweaters and shoes fetch in gleaming mall stores. Protesters have convinced local authorities, from the Los Angeles Board of Education to the Fort McMurray, Alta., city council, to ban purchases made by child labour. And on the cutting edge of anti-corporatism are the "culture jammers"—people who parody brand ads to reverse their messages. They "skull" the faces of models in posters—using a few deft strokes of a marker to turn them into death's heads—or alter billboards bearing Nike's *Just Do It* slogan into *Justice: Do It*.

Having their logos and names tarred with such associations can hit corporations where it hurts: at the bottom line. Businesses see their brands as an essential shorthand way of symbolizing their products to customers. Corporations like *Maclean's* owner, Rogers Communications Inc.—which last week unveiled a new logo to symbolize its reorganized structure—remain wedded to a strategy that keeps them in the public eye in a crowded marketplace. And for many of the most aggressive advertisers, their names *are* their assets. According to Neale Halliday, senior vice-president at the Toronto office of ad agency BBDO Worldwide Inc., more than 90 per cent of the $238-billion market value of Coca-Cola Co. is based on intangibles. Part lies in the famous—and literally priceless—secret recipe, but most of the value resides in the brand name.

Other firms are almost as dependent on their names, according to brand consultancy firm Interbrand Group, which assesses Nike, Apple and BMW as each having 77 per cent of their market capitalization tied to their brands. The importance companies ascribe to their good name has combined with a steady flood of new products to fuel a tremendous increase in ad spending in the past two decades—from $70 billion in 1979 to $290 billion in 1998 in the United States alone. Industry observers say that corporations selling directly to the public have done their best to keep their brands associated with every good thing in the lives, real or imagined, of potential buyers. In Canada, hockey—which invokes passion, nostalgia and patriotism—has always been a favourite.

For Klein, this corporate strength is actually a weakness, a huge opportunity for anti-corporate forces. So much shareholder value is tied up in brands that the relentless drive to keep logos visible has seen them creep into every nook and cranny of previously ad-free space, even washroom stalls. It is a strategy that BBDO's Halliday jokingly refers to as "jumping out in front of people wherever they are, shouting your message, slapping your logo in all sorts of weird places." But Klein says that pervasiveness has alienated many ordinary consumers. Others are even more troubled by the brands' intrusion into public-sector space. There are university chairs endowed by—and named after—brands, like the Taco Bell Distinguished Professor of Hotel and Restaurant Administration at Washington State University and the Lego Professorship of Learning Research at the Massachusetts Institute of Technology. In Toronto, Pepsi has an exclusive contract with 560 public schools that allows it to distribute Pepsi Achievement Awards and other logo-emblazoned giveaways.

But the most subtle and unpredictable outcome of branding derives, ironically, from the ad agencies' success in establishing emotional connections between product and buyer. The result, writes Klein, is a relationship akin to that "of fan and celebrity: emotionally intense but shallow enough to turn on a dime." Brand buyers, she argues, no longer simply shrug off reports of sweatshop conditions or lax pollution standards. Instead they feel complicit, and turn readily to the other side of celebrity worship—toppling icons. That's what happened to TV talk-show host Kathie Lee Gifford in 1996 when the news broke that child labourers in Honduras sewed her line of sportswear. Only Gifford's immediate conversion to the anti-sweatshop cause saved her carefully crafted image as a doting TV mom—and her ability to sell clothing.

Klein: with ads now in previously commercial-free space, 'branding is a specific, predatory corporate ideology'

After four years of research, Klein herself has a sure-handed grasp of the uncanny mutual reinforcement of corporate branding and anti-corporate response. She has even turned the very design of her book into her own culture jam, complete with a slash through publisher Knopf's greyhound logo. At the book's recent launch party, the *No Logo* logo was prominent on bright-red thread pickers, suitable for removing clothing labels. But can jamming rout the branded world? Some of the new anti-corporatism—that concentrating on Third World social justice issues—does, in fact, mesh with middle-of-the-road causes among church and union groups. But the shock troops of the resistance to the branded world—the poster-defacing jammers—will probably prove to have limited appeal in mainstream, mall-shopping Canada. They are not, after all, the brand of choice for most consumers.

With Donylo Hawaleshka in Toronto

Deirdre McMurdy

The markets' new top gun

It's the plot of a classic western—with a twist. A small band of scofflaws stir up some noisy trouble, with the result that the good name of the entire town is tarnished. All the worthy citizens suffer under that taint, but no one is able to do anything about it—until a new sheriff rides into town, determined to toughen and enforce the rules.

Until they merged into the Canadian Venture Exchange (CDNX), that familiar plot played out on the Vancouver and Alberta stock exchanges. Respectively, those junior equity markets had become synonymous with scandals such as Bre-X Minerals Ltd., Cartaway Resources Corp., YBM Magnex International Inc and Timbuktu Gold Corp. Despite the fact that Calgary and Vancouver boast two of Canada's richest, best-connected and most sophisticated business communities, both cities suffered under the taunts aimed at their exchanges. But that was before Nov. 29, 1999, when the CDNX began operation—and a new, unblemished era—under a new sheriff, Bill Hess.

Hess, 48, a lean and cool customer, doesn't mince words about his mission to restore the reputation of Canada's junior markets and to transform them into an effective national mechanism for the capitalization of small businesses. "When I took this job, I knew exactly what needed doing," he says. "With junior stocks, you can never eliminate the business risk for investors. But you can certainly minimize the regulatory risk. Realistically, we can't ever prevent another Bre-X scandal—but we can do a lot to detect it earlier."

Before he accepted the job as president and chief executive of the CDNX, Hess was a Calgary-based securities lawyer and the chairman of the Alberta Securities Commission. A transplanted Montrealer with a degree in history from Queen's University, he was instrumental in winning self-funding status for the commission, which allows it to set its own agenda and priorities. Hess fought for the ASC's right to fine companies that violate securities laws. He was also behind the ASC's recent move to tighten the reserve reporting requirements for junior public-resources companies.

On Jan. 7, in one of his first major moves, Hess announced a plan to audit every brokerage firm issuing new equity on the CDNX. The move is aimed at ensuring those firms are conducting adequate due diligence on the companies they underwrite. "The system in place is too focused on the rigid format of the prospectus," he says. "That's important—but it's just as important to do some independent digging, to use modern technology to serve our ends."

At the same time as he works to improve the public credibility of the new exchange and its rules, Hess is also moving swiftly to expand its scope on the national level. By early May, he plans to have an office established in Toronto. Currently, only 260 of the 2,300 stocks listed on the CDNX are based in Ontario. "Despite all the rhetoric about its importance, Toronto hasn't been a very friendly place for small business to raise capital," notes Hess. "We plan to change that."

Offices in Ottawa, Winnipeg and Halifax are also on his shortlist. "We're no longer a regional entity, we're national. And we have a unique position in the world," says Hess. "Canada now has the only national, regulated junior stock exchange."

To reflect the diverse, national scope of the CDNX, Hess also wants to adjust the mix and weightings of listed companies. At present, about 40 per cent are mineral exploration enterprises and only 10 per cent are in high tech; that is something he intends to change. "We offer the opportunity to fund technology ventures on a pre-commercial basis—something no other exchange can accomplish," Hess declares. "We also represent an alternative and a supplement for the private venture-capital process." He adds that the sooner venture capitalists can attract public funds, the sooner they can recirculate their pool of cash among other companies.

Although it's still early days, the response from investors—both foreign and domestic—has been strong. Before the merger, the Vancouver and Alberta exchange Web sites averaged about 200,000 hits a day combined. Since its advent at the end of November, the CDNX average has been two million daily visits. The volume of trades was up by 104 per cent, to more than one billion shares in the first month alone. The value of those shares reached $1 billion. Seventeen new companies were listed on CDNX in December.

In part, the new venture exchange benefits from investors' voracious appetite for new products in a market where more familiar stocks are trading at record highs. That enthusiasm fuelled the U.S. equivalent of the CDNX, the Nasdaq, to gain 85 per cent in value in 1999. But even speculation about a possible alliance between the Toronto Stock Exchange or the Montreal exchange doesn't ruffle Hess, who uses a sports analogy to describe the situation. "It's a far more senior game—we're the farm team for the whole lot of them."

Despite the apparent allure of Canada's junior market and the dazzling success of such listings as Wi-Lan Inc., Burntsands Inc. and Global Thermoelectric (respectively, up 1,556 per cent and 2,225 per cent since March, and 4,743 per cent since September, as of Jan. 10), Hess acknowledges that extreme volatility is not likely to abate. His advice for investors is worthy of any laconic sheriff. "Whatever happens, don't overreact," he advises. "And that cuts both ways."

Legal static for iCraveTV

Craig planning a vigorous defence

William Craig, head of iCraveTV in Toronto, better have deep pockets Last November, the owner of the Internet upstart began plucking Canadian and U.S. television broadcast signals off the airwaves and retransmitting them over the Web without permission from copyright holders Last week, 10 heavy-hitting American film companies and three broadcasters filed suit in U S district court in Pittsburgh against iCraveTV and Craig, demanding he be shut down The lawsuits were filed "to stop what we think is one of the most brazen thefts of intellectual property ever committed in the United States," said Jack Valenti, chief executive of the Motion Picture Association of America The National Football League and National Basketball League filed a parallel action at the same time

Facing the likes of Disney, Columbia Pictures, Paramount, ABC and Time Warner, Craig stood his ground "ICraveTV believes it is acting in compliance with all applicable laws and will defend itself actively and vigorously," Craig said. The Canadian Association of Broadcasters is also expected to file a suit, perhaps as early as this week

The magazine wars—at newspapers

Southam Inc. says *Saturday Night*, founded in 1887, will become a weekly magazine distributed in the *National Post*. The money-losing magazine's March issue will be its last as a monthly Meanwhile, *The Globe and Mail*—engaged in a circulation war with the *Post*—announced Nigel Horne of London's *Daily Telegraph* will become the paper's editorial director of magazines in February There was talk the *Globe* plans its own weekly, but all publisher Phillip Crawley would share were his thoughts on *Saturday Night* "It's a failure of a magazine, not a brave new venture"

Financial Outlook

Continued strength in Edmonton's construction industry is expected to lead to 4 1-per-cent growth in that city's gross domestic product this year, says the Conference Board of Canada in a study of nine metropolitan economies. The Ottawa-Hull region placed second with 3 9-per-cent projected growth, powered in part by a healthy high-technology sector Toronto's economy, meanwhile, is expected to grow by 3 5 per cent, stoked by an export market thriving on a booming U S economy Further ahead, Toronto is expected to lead all cities with an average of better than three-per-cent growth per year between 2001 and 2004 Economists, however, warned that a downturn in the U S economy would hurt the city

WestJet lands in Hamilton

The successful Calgary-based discount carrier WestJet Airlines Inc , which serves 12 cities stretching from Victoria to Thunder Bay, Ont , announced that Hamilton will become its first eastern Canadian destination on March 9 And subject to airport negotiations, the airline plans to add service from Hamilton to Ottawa, Montreal and Halifax by midsummer The expansion is to take advantage of expected service gaps following Air Canada's $92-million takeover of Canadian Airlines International Ltd But last week, Air Canada made some countermoves of its own, announcing it will merge its three feeder airlines—Air Nova Inc , Air Ontario Inc and AirBC Ltd —into a single subsidiary The as-yet-unnamed consolidated company will be based in Toronto

JDS grabs its rival

Nepean, Ont -based JDS Uniphase Corp , a high-tech company making fibre-optic components, agreed to buy rival E-Tek Dynamics Inc. of San Jose, Calif , in a stock swap valued at $21 7 billion Analysts hailed the deal, saying it should give a boost to the component-starved telecommunications industry in its race to build high-speed networks

A chip is born

Transmeta Corp of Santa Clara, Calif , announced the release of its much-anticipated computer chip, the Crusoe Named after the literary Robinson Crusoe to connote images of travel and adventure, the chip is the product of a secret, five-year, $50-million development plan The Crusoe is billed as a fast, low-cost, energy-saving alternative to chips made by Intel Corp , the world's largest maker of microprocessors

Unbearable basketball

Missouri billionaire Bill Laurie walked away from a deal to buy the Vancouver Grizzlies after the NBA told him he could not move the team to St Louis. Laurie, who owns the NHL's St Louis Blues, agreed last September to buy the Grizzlies from Seattle businessman John McCaw for $300 million

Ross Laver

It's the brand, stupid

The kids are in the backseat, fidgeting and demanding to be fed. You and your spouse could use a bite, too. The only question is where to stop: up ahead there's a Pizza Hut, across the road is Taco Bell and just beyond that is the familiar red roof of KFC. Will it be pizza, Mexican or fried chicken?

You can take your pick as far as John Bitove Jr. is concerned. Thanks to some clever deal-making over the past few months, he now controls the largest collection of franchise restaurants in Canada, with 639 KFC, Pizza Hut and Taco Bell outlets in 400 communities. This year, the company expects to serve 60 million customers. That's 25 million chickens, 6.2 million pizzas, 3.5 million litres of gravy and 25 million pounds of fries, all washed down with 35 million soft drinks—enough to fill 17 Olympic-sized swimming pools.

Food connoisseurs may sneer, but Bitove, 39, is certain he's on to a good thing. Drive through any major city or town in Canada and it would be easy to conclude that the fast-food business—the industry prefers the term QSR, short for quick-service restaurants—is saturated. Far from it, says Bitove. Canadians eat only about two-thirds as much fast food as Americans. And in both countries, consumption—particularly of takeout and home-delivered food—is growing rapidly. "The home-meal-replacement market is becoming a larger and larger part of the North American lifestyle," Bitove says. "People's attitude has become, 'What am I hungry for—what's fast and easy?' "

Bitove at Pizza Hut: 'What am I hungry for?'

Bitove is well qualified to respond. His grandfather, who emigrated from Macedonia in 1919, used to run a small butcher shop on Toronto's Queen Street East. A generation later, John Jr.'s father opened the first of a string of restaurants. Later, he expanded beyond Toronto as holder of the Canadian franchise rights to the Big Boy chain of family restaurants, with 32 locations in Ontario, Quebec and Alberta. Today, the family-owned catering and hospitality business, Bitove Corp., controls food and beverage concessions in airports, hospitals and sports facilities across Canada, as well as Wayne Gretzky's Restaurant in downtown Toronto.

John Jr. began his career working for the family business, then went off and spearheaded the group that started the Toronto Raptors NBA franchise. A diehard basketball fan, Bitove was the team's first president but sold his 39.5-per-cent share of the team after a dispute with the other owners.

Despite the bad blood, Bitove has fond memories of his time with the Raptors. "It's the Raptors experience that woke me up to the importance of branding—I mean, wow. Our goal was to create momentum by going after younger adults and kids, because we knew the Blue Jays and the Maple Leafs had the older set. So coming up with the name and logo was radical in itself. Then we tested it and came out with it and—boom!—the merchandise started flying off the shelves. So holy cow, there's method to this madness. You do the research and target where you want to go, and you can fundamentally create more value than you had before."

In his own lifetime, Bitove has seen the same phenomenon in the food-service industry. When his father got into the business, most restaurants were independently owned. Now, brands pull in the big money. "Our generation is a lot more brand-specific than our parents were, and we'll pay to make things easier because often we don't have time for a traditional restaurant where you sit down and wait," he says. "We can say brands are a horrible thing, but that's the way the world is going. And I'd rather be on the bandwagon as opposed to trying to educate the world on what I think is a better way."

In practical terms that means more locations, more advertising and more of an effort to implant the KFC, Pizza Hut and Taco Bell names in Canadians' daily lives. Already, the three chains combined have one of the largest ad budgets in the country and the largest food home-delivery operation, worth $100 million a year in sales. Bitove intends to consolidate the company's five call centres—in Montreal, Toronto, Calgary, Edmonton and Vancouver—perhaps replacing them with a single toll-free call centre in New Brunswick. Also on the horizon are hundreds of tiny, kiosk-style outlets that can be dropped into office buildings and other locations that wouldn't support a conventional outlet. "It would blow you away how small of a kitchen we need to get the job done." Think Fotomat, he says. Now think Pizza Hut in the lobby of a large apartment building. Think three-in-one outlets, combining KFC, Pizza Hut and Taco Bell under a single roof. Kids can't agree where to eat? No problem. It's like a gas pump: regular, mid-grade and super from one nozzle. Drive in and fuel up.

Bitove knows something the food snobs don't. It isn't about the food. It's about the brand. It's about mass-marketed carbohydrate and deep-fried protein, fuel to get you through the day. Come and get it. Or phone and they'll deliver.

Flocking South

After years at home with their sagging loons, millions of Canadians have caught the winter travel bug

Cuba's Varadero Beach 30 per cent more Canadians are planning to pack the sunscreen and head south this winter

By Gwen Smith and Jane O'Hara

It was a case of divine intervention. For the past five years, Heather Jones and Carolyn Harrisson have attended the 11 o'clock service at Calvary Church in St. Catharines, Ont., with their children and husbands. After a recent service, Harrisson sidled up to Jones and said "I've got to get out of here. I need some sun." Well, praise the Lord and phone the travel agent. That was all the encouragement Jones, 34, needed. Four days later, she and 36-year-old Harrisson had ditched the kids, left their husbands with meal plans and were on a charter plane for a weeklong holiday in Cancun, Mexico. With six bikinis between them, these working mothers spent last week's cross-Canada cold snap lying on a beach with sand like talcum powder. Their toughest decision? Whether to order melon or strawberry margaritas under a blistering sun. "We didn't care where we went," said Jones, who works part-time in a bridal salon. "We just wanted sun and a beach, even if we had to sleep in a tent."

They aren't alone. After a few years of staying home with the sagging loonie, millions of Canadians are in the mood to down tools and dash off for a week or two out of the frozen north. In an annual poll in October of Canadian winter travel intentions, the Canadian Tourism Research Institute found that 45 per cent of Canadians expect to take a winter trip to the sun. That's an increase of almost 30 per cent over the number who intended to take such a vacation in the fall of 1998—and the highest number in the past six years. Those who track leisure habits and economic indicators view the bite of the winter travel bug as a sign of confidence in the economy. Still, Harry French, the director of the Ottawa-based Canadian Tourism Research Institute (a division of the Conference Board of Canada), finds the swiftness of travel's rebound surprising, given that the dollar is still only worth 69 cents of its American counterpart. "Canadians are much more in the mood to spend," says French. "And the dollar is not inhibiting as much as it used to."

It couldn't keep Terry Drudge, a 53-year-old senior sales rep, from hopping a plane solely to play golf at the Caribbean Village Playa Grande resort in Puerto Plata, Dominican Republic. He played six days out of seven on a course that runs by the ocean, where the fairways are curbed by 30-m cliffs that fall to the sea. "It was more spectacular than Pebble Beach," the famous California course, raves Drudge, who lives in Elmira, Ont. Tim Fernback and Anne Cartell of Vancouver were more in the mood for an exotic vacation, and recently spent a week in Cozumel, Mexico, where they swam with dolphins and went scuba diving. Their only regret: not enough time to see the Mayan ruins.

The cold, too, has helped to whet this appetite for adventure and loosen the purse strings. Blizzards pounded the Atlantic provinces last week, while the windchill took temperatures to below -40° C in Central Canada, and British Columbians braced against 80-km/h winds. For the travel industry—already buzzing with talk of pent-up consumer demand from stay-at-home Canadians and heady predictions of a great March break—"this is like a gift from God," says Jill Wykes of Toronto-based Sunquest Vacations. "Everyone is reporting greater activity out there."

And where is the sun-deprived Canadian heading? While the Caribbean in general is hot, tour operators can single out three specific areas that are sizzling. Canadians are snapping up package tours to the Dominican Republic, Cuba and Mexico's Mayan Riviera—looking for golf vacations, quiet beaches or Jeep safaris through tropical jungles.

The Dominican Republic, which is slightly smaller than Nova Scotia, now boasts 40,000 hotel rooms. But these aren't the numbers that count for Canadians, they care more about the way their dollar stretches on this island. They are drawn by an ever-greater and affordable choice of "all-inclusive" vacations—where one up-front price paid back home covers airfare, accommodation, food, unlimited alcohol and resort activities like windsurfing and tennis. It's a concept that has spread through all the popular Caribbean and Mexican destinations and about two-thirds of Canada's sun-seekers are now travelling on all-inclusive winter packages. How inexpensive is a week under the palm trees? It all depends on the star-rating of the resorts and the time of year. But this week, tourists heading to the D.R. will pay as little as $999 each for an all-inclusive trip to a resort 10 minutes from Puerto Plata—that's a huge saving on separate billings for airfare, hotel, meals and booze.

If Canadians are going to get burned, they only want it to happen at the beach. The "all in" method of travel has even drifted up the food chain to the most luxurious resorts. At the five-star Melia Tropical resort in the Dominican's Punta Cana, a small train takes guests to their villas, five à la carte restaurants dot the site, and a private concierge tends to the fussiest needs. Total cost in February: from $1,600 per person a week. At the Royal Hideaway in Playacar, Mexico, guests are pampered with extras like a glass of champagne at check-in, and are offered 24-hour room service and a choice of linen or cotton sheets when they arrive. This all-inclusive vacation runs to

Special Report

$2,600 a person Clauderic St Amand, vice-president of national sales and marketing for the Montreal-based tour operator Air Transat Holidays, says Canadians are fickle consumers of these packages—and "the toughest to please The hoteliers tell us our clients are a pain in the neck They wander around the resorts with their brochures to find the things that are missing"

But for Janina Paczuski, a Toronto high-school teacher, everything was spot-on during her two-week, all-inclusive trip to Varadero Beach, Cuba. "For me, Cuba is sitting by the pool, or by the ocean, drinking cuba libres," she says "There are discos and water sports, there is so much to do" And a lot, too, for her kids—Jeremy, 23, Jessica, 12, and Jonathan, 8 When the younger boy got swimmer's ear and couldn't go in the pool for several days, he hung out in the resort's computer room, becoming expert on some video games. "He never once got bored," Paczuski says

Today, Cuba appears a far cry from its image a decade back of poor service, middling food and little to do It has 31,000 hotel rooms, many of them at Canadian- and European-owned luxury resorts with imported chefs The country has developed new tourist areas—like Cayo Guillermo, one of a group of cays located off its northern shore There are seven new hotels in the area and the state is building a new international airport there Gordon MacQueen, the Charlottetown-based proprietor of MacQueen's Island Tours Ltd—which organizes cycling vacations—has watched Cuba's progress with interest "They are building hotels just as fast as they can," says MacQueen, who started running bicycle tours in Cuba after it traded sugar with China in 1991 for two million bicycles (The intent was to keep citizens mobile in a country known for museum-piece cars as a result of the American trade ban) He says the main tourist area of Varadero has changed radically in five years "Canadians love it and Americans would flip over it because it's just like Cancun' It's like the pre-Castro days, he says, "except there is no gambling."

One of the hottest destinations for Canadians looking for a sun fix is the strip of coastline running south of Cancun and a ferry ride away from Cozumel Dubbed the Mayan Riviera by clever tour operators, this 130-km corridor of tropical vegetation, white beaches and upscale resorts is Mexico's fastest-growing vacation playground—and one of the reasons that the $8-billion tourism industry is now more profitable than the state-owned oil industry

For the past 15 years, former Vancouverite Rick Jones, 47, has watched wide-eyed as the area changed from a sleepy paradise where pigs roamed unpaved streets to a thriving hot spot that in a few years will offer as many as 24,000 hotel rooms In 1983, Jones was working for the now-defunct Vancouver Holistic Health Centre and decided to drive to Mexico for a holiday When he reached the village of Playa del Carmen, now the commercial hub of the Mayan Riviera, there was one telephone, and no streetlights or road signs Travellers could rent a hammock for $2 a night and sleep on the beach A bearded, beaded hippie, Jones had an entrepreneurial streak He cobbled together $11,000 and a year later opened the funky and now-famous Blue Parrot Inn, which fronts on the topless Playa del Carmen beach.

"When I started, I had one room for rent and had to borrow a toilet," says the ponytailed Jones, who's known to the locals as "Mr Rick." Last year, he expanded—adding 33 beachfront condominiums, designed by a Vancouver Island architectural firm They sold quickly for between $150,000 and $300,000, and construction will soon begin on another 30 condos The development boom has caused environmentalists to fear for the natural habitats of birds and sea turtles along the coastline But the village of Playa del Carmen retains its charm with an eclectic mix of restaurants, quirky hotels and Mexican curio shops. Jones thinks the handful of big-name U.S stores don't fare well there "This is the best example in the world of small is beautiful"

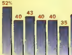
Less commercial and more unusual are a good fit for those who are turning their sights back to the south While Canadians appear starved for winter travel, their taste in vacations is definitely changing. In the early '90s, the trend was that winter vacationers from the western provinces went to California and Hawaii and some to Arizona, while Canadians in Central and Eastern Canada headed to Florida It was a historic migration path, which generations had followed. While the traditional destinations are still popular, greater numbers of Canadians—especially the younger ones—are roaming to non-U S Sunbelt destinations Last decade, a period of fewer international trips because of a weakening loonie, the Caribbean area saw a jump of 25 per cent in the number of tourists from this country During the same period, the United States as a whole experienced a decline of the same percentage (although a few states had individual gains with the Canadian market)

"The older generation had tremendous travel loyalty and wanted a certain comfort zone, no surprises," said Martha Chapman, manager of corporate communications for Signature Vacations. "Each year, they'd travel to the same place and say 'There's our water,' again" But Vancouverites Fernback, 32, and Carrell, 29, went to Hawaii last winter and found it pricey and predictable When 50 of their friends raved about a New Year's Eve bash and splash in Mexico, the couple almost immediately headed for Cozumel's pristine beaches and startlingly azure waters. "We wanted something less Americanized, something a little more exotic," said Fernback, manager of corporate finance for Wolverton Securities Ltd.

After a sun-drenched week that left both with the tourist tattoo—a peeling red nose—the couple took a 45-minute ferry ride across to Playa del Carmen to check out other resorts

Seeking the sun

A national poll shows an increase of 10 percentage points in the number of Canadians who intend to travel to Sunbelt destinations this winter. The Conference Board of Canada sees this as a sign of confidence in the economy



Source: Canadian Tourism Research Institute

HOT SPOT

Cuba

No of Canadian tourists in 1995: 143,541
1999: 276,346
Percentage increase. 92 5
Canada's rank as a tourist market: No 1
Number of hotel rooms: 31,000
Top destinations: Varadero, Jardines del Rey, Cayo Coco
Local specialties: the *mojito* (a cocktail of rum, lime juice, sparkling water, mint, sugar and ice); several brands of cigars; *ajiaco*, a thick vegetable and meat soup
Average February temperature: 23° C to 25° C

A nightclub dancer at Club Tropicana; downtown Havana (top): developing new tourist areas and adding 3,000 rooms a year

HOT SPOT

Mexico

No. of Canadian tourists in 1994-1995: 827,000
1998-1999: 1 2 million*
Percentage increase: 45
Canada's rank as tourist market. No 2
Number of hotel rooms: 500,000
Top destinations: Acapulco, Cancun area, Puerto Vallarta
Local specialties: *mole poblano* (a sauce for chicken whose 21 ingredients include chilies and chocolate), margaritas and mescal
Average February resort temperature: 23° C to 28° C

*Estimated figure based on fiscal year

Carrell (left) and Fernback at a Playacar resort; an aerial view of the Hilton Hotel pool in Cancun (top). drawn to the Mayan Riviera's charms

for a possible return trip next year. For Fernback, scuba diving off the famed Mayan reef will bring him back. For Carrell, the safety and ease of travelling in a Spanish-speaking country and the unremittingly amiable locals will do the same. And the cheap prices won't hurt, either. In Hawaii, a snorkelling outing last year cost them $120, but was a third that in Mexico. "We spent a lot of money in Hawaii," said Fernback, who paid about $1,200 for his Mexican trip, including airfare, accommodation, food and drinks.

Florida has taken the change in travel tastes on the chin. In 1998, the number of Canadian visitors fell to 1.72 million—a precipitous plunge of 18 per cent from the previous year and the worst Canadian turnout on its beaches in a decade. While the tourism institute sees a slight rebound in Florida's fortunes—200,000 more Canadians intend to travel there this winter than in 1998-1999—even state tourist officials admit the poor numbers are not just tied to the difference in dollar values. And most Canadian travel experts agree that a chunk of the state's No. 1 international tourist market is gone for good. "Florida still gets the snowbirds," says Chapman. "But they are losing the incremental travellers. Florida used to be the chosen destination for college students, but now we're seeing that age group go to the Dominican Republic or Mexico because they can afford it and there are no budgeting surprises."

Statistics show that non-traditional U.S. destinations are also capitalizing on a more adventuresome Canadian market. With the exception of a grossly overpriced New Year's period—which flopped with tourists—Las Vegas is luring northerners in droves. For the family vacation, Texas has made great strides with a corny, but effective, coupon program called Buckaroo Buck$ (which offers deep discounts and, in some cases, Canadian dollars at par). In the fourth quarter of 1998, Texas saw 58 per cent more Canadians than it had in the same quarter the year before. Meanwhile, Arizona is making big gains among the large populations of Ontario and Quebec. In 1998, more people from Ontario than the much-closer British Columbia vacationed in Arizona.

But in pure numbers, it is the Caribbean countries and Mexico that are making the most impressive gains—by aggressively courting Canadians and making it easier for them to get to those prepaid hotel rooms. Cuba, for instance, used to have flights only out of Toronto and Montreal. "Now, it's unbelievable," says Gabriel Alvarez, director of the Toronto-based Cuba Tourist Board. "We have direct flights out of British Columbia, Alberta, Manitoba, Saskatchewan, the Maritimes and Ottawa." In Vancouver, the travel-hungry are even game to spend 10 hours on a direct flight to the Dominican Republic for one of those "all-in" vacations.

As the bitter chill settles in, Canadians are clearly responding to the inducements of the tropics. Travel agents happily contemplate an end to lean winter seasons, while their customers book, pack and almost taste that first umbrella-topped drink.

With Susan McClelland and Sue Ferguson in Toronto

HOT SPOT

Dominican Republic

No. of Canadian tourists in 1995: 125,700
1999: 185,000*
Percentage increase: 47.2
Canada's rank as a tourist market: No. 3
Number of hotel rooms: 40,000
Top destinations: Puerto Plata, Punta Cana, Santo Domingo
Local specialties: a stew called *sancocho*; Cerveza Presidente, the top-selling beer; five brands of rum
Average February temperature: 25° C to 29° C

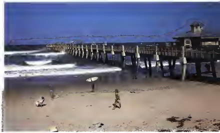
*Estimated

Source: Dominican Republic Tourist Board

Volleyball at a Puerto Plata resort; a tour to Saona Island (top): the Canadian dollar goes far on these beaches

Pining for Lost Canadians

Florida battles a stale image, aggressive rivals and a dollar difference



A pier at Palm Beach: the will but not the means to chase after thinning crowds

It was no contest for 29-year-old Laura Smith. When she and a girlfriend were contemplating a winter vacation, they quickly dismissed Florida as a contender. "It's "soooooo old and expensive," said Smith, a Hamilton bartender. "All the seniors go there." Instead, these two heat-seeking misses shuttled off to Cancun—the party capital of Mexico. They had the time of their lives in all-night discos, and after returning last week are already planning their next trip.

Tourists like these are enough to give a Florida tourism official an ulcer. The state's own research confirms a been-there-done-that attitude among Canadians in their 20s and 30s and a desire to see more exotic locales. Vacationers from Canada are still Florida's largest international tourist market, but the size of the flock has been steadily declining. In 1998, 1.72 million Canadians visited the state, 740,000 fewer than visited in 1992—a difference that's greater than the population of Winnipeg. Even the mighty Mickey has had his ears clipped; a spokesman for Orlando's Walt Disney World confirms that the number of Canadian visitors dipped in 1999.

In the past few years, the Sunshine State has suffered, not only from familiarity, but also from the difference in the Canadian and American dollars, the affordability of all-inclusive vacations in the Caribbean and Mexico; and the aggressiveness of Texas, Arizona, Louisiana and Las Vegas, which have been poaching Florida's Canadians. "Florida is one of the oldest destinations for winter tourists," notes Austin Mott, the Tallahassee-based president and CEO of the state agency Visit Florida. "Now, everybody is in the tourism business, and they are all going after whatever they can get from wherever they can get it," he says.

But is the state that perfected the theme park and the outlet mall, and which boasts mile upon mile of white sand beaches, going to take the competition and the bad rap lying down? Not according to Mott. "We just have to be as aggressive as we can and make sure we get our message out there." He has plans to promote the attractions of Florida beyond the theme parks and beaches, of getting Canadians off the interstates and into Southern antique shops, heritage attractions and ecological and wildlife areas.

But there's a huge flaw in the promotional plan: there's no budget. Mott had wanted to spend about $1 million (U.S.) on advertising in Canada, with Visit Florida, an agency financed by public money and the private sector, putting up $200,000 in state funds and its partners—the hotels, restaurants, theme parks, car rental companies—ponying up the rest. "We wanted to put together a pretty extensive advertising campaign," he says, "but we haven't been able to get it off the ground."

A lot of businesses don't want to put up money at a time when U.S. tourism is picking up in a booming economy. Other Florida companies do their own promotions—Disney, for instance, is trying to attract Canadians with a deal that allows them to buy one seven-day ticket and get a second for half price.

But as shivering Canadians stare longingly at Caribbean TV ads and billboards of Cuban beaches, northern travel experts are telling the Floridians they aren't doing enough. Harry French, director of the Canadian Tourism Research Institute, thinks the state was too complacent. "And now," he says, "they are worried sick because they are losing so much of the market."

In the years ahead, the state may have even more to be concerned about. Archrival Cuba plans to build time-shares and condos—chasing after the older snowbirds as well as their adventuresome offspring.

Gwen Smith

Truth and consequences

Tough packaging regulations give smokers a blunt reminder

Arthur Kaznowski takes a long drag on the cigarette burning beneath his wispy teenage moustache and considers the picture of two human lungs. One is healthy and pink, the other, which once belonged to a smoker, is black and tumour-ridden after years of inhaling noxious tobacco smoke. Last week, Health Minister Allan Rock announced a sweeping proposal that he hopes will jolt smokers into quitting—or keep non-smokers from starting. He intends to force manufacturers to print startling photos of diseased lungs and mouths—like the ones Kaznowski is looking at—on cigarette packages. But as they consider the images in their smoking spot outside Jarvis Collegiate Institute in downtown Toronto, 17-year-old Kaznowski and his friends are dismissive. "If people want to try smoking they will," says Kaznowski, passing his cigarette to a friend. Glancing at the damaged lung, he adds: "This won't stop them."

Proposed packages, with room for the brand name: disturbing

Perhaps, but if Rock gets his way cigarette packaging is about to go from colourful and cool to downright disturbing. The changes, considered to be among the toughest proposed anywhere in the world, would force manufacturers to dedicate half the front panel of every cigarette pack to any of 16 shocking images. Aside from stark close-ups of tumours, they include a pregnant woman smoking along with the slogan "Cigarettes hurt babies," and a drooping cigarette labelled "Tobacco use can make you impotent." In addition, a leaflet inside the package will list the toxic chemicals in tobacco smoke and advise smokers how to kick their habit. With more than two billion cigarette packs printed annually in Canada, it will amount to the biggest public-health campaign ever launched here. "Canadians who use tobacco," said Rock, "need to fully understand the serious health hazard inherent in this lethal product."

Not surprisingly, the tobacco industry said it intends to block Rock's proposals before they are to go into effect next year. Industry spokesman Rob Parker, president of the Canadian Tobacco Manufacturers' Council, said Rock's plan is unworkable because the companies that print the packages cannot produce the new images the minister wants. Printing industry executives swiftly contradicted Parker, however, saying they could duplicate the images. But Parker also questioned whether the stark warnings are necessary. "People smoke because they are risk-takers," he said. "Risk is part of the pleasure of smoking."

Increasing awareness of the risks associated with smoking is precisely what Rock has in mind. Health officials believe the printed warnings that have been on cigarette packages since 1994 have lost much of the impact they might have had. During the past decade, the number of smokers has fallen slightly, from 30 per cent of Canadians over the age of 15, to 25 per cent. But at the same time, the number of teenage smokers has increased to 28 per cent of that age group from 21 per cent.

Seeking to determine if a different approach to packaging could help reduce smoking further, Health Canada hired Toronto-based Environics Research Group Ltd. in 1998 to sample public opinion. In five separate studies—four among adults and one among young people aged 12 to 18—the firm found all groups considered graphic warnings to have far more impact than printed notices. That was particularly true among the young, Environics reports, with 88 per cent under 18 saying the new images would be a greater deterrent. Julia Ford, a 17-year-old non-smoker at Jarvis Collegiate, agrees. "The pictures might not make you quit if you already smoke," she says, "but they could stop you from starting."

In addition to their shock value, the new images are part of a larger campaign to deglamorize smoking and make it socially unacceptable. Cigarettes retain an aura of legitimacy, says Roberta Ferrence, director of the Ontario Tobacco Research Unit at the University of Toronto, in part because they are sold from attractive, colourful displays, often located near milk, bread and other healthy products. But when store shelves are lined with cigarette packages portraying the ugly results of smoking, she adds, people may begin to recognize tobacco for the deadly product that it is.

The new packaging plan also got a thumbs-up from Richard Pollay, a marketing professor at the University of British Columbia, who feels it could fundamentally change how consumers view cigarettes. "The packages will no longer be a symbol of status," said Pollay, a leading expert on tobacco advertising, "particularly among teenagers." First, however, the new regulations must be put into effect—and both the Reform party and the NDP have voiced their support. Then they will likely face a court challenge from the tobacco industry. But as she puffs on her cigarette in a Toronto mall, Teresa Palmer, 25, says she wishes the graphic warnings had been around earlier, when she got hooked. "When you're a teenager," she says, "you never think you will die." The new cigarette packages just might help drive home a stark lesson in life.

Tom Fennell

Paying doctors to keep us healthy

Many physicians say their current fees discourage them from doing their best

By Mark Nichols

The winds of change are blowing through the Brentwood Family Practice Clinic in Langley, B.C., about 40 km southeast of Vancouver. As part of a federally backed program promoting alternative forms of health-care delivery, the clinic is about to hire two new nurses and a dietician to help serve some 7,000 patients living in a mix of suburban sprawl and farmland. It is also struggling to transfer patients' files to a computer-based system. But the biggest revolution at the 25-year-old clinic is a change last September in the way its three family practitioners are paid. Instead of billing the province a fee for each service they provide—the customary payment method for Canadian doctors—Dr. Ray Simkus and his two colleagues are receiving a fixed annual sum for each patient on their lists. Fees vary with age and health—higher for older patients with problems, lower for the young and healthy. "This way," says Simkus, "we can try to practise preventive medicine—and if patients come in less often, then we can actually make more money."

Simkus, 48, has always made a point of counselling as well as treating patients. But under the fee-for-service system, he says, "I had a smaller income than doctors who take less time with patients and see them more often. I was penalized for doing what I believe in." Now, under the new funding formula, Simkus expects his income to increase. Across Canada, many doctors and health-care experts are voicing doubts similar to his about the fee-for-service system that has long been a cornerstone of Canadian medicine. A widespread complaint is that the system favours costly, assembly-line medicine. As a result, pilot projects are under way in many provinces to determine how well other payment methods work. The program in Langley, says Simkus, offers a way of "making a decent living without doing turnstile medicine."

Simkus and patient Miyako Hopkins: every province is trying alternatives to fee-for-service

In Ontario, talk of reform was in the air last week as the province's 24,000 physicians began to negotiate a new, three-year contract with the province. Annoyed by reports of some doctors saying they closed their offices on certain days because the province set a ceiling on how much they could earn, Premier Mike Harris threatened to put them on a salary. "Rostering," said the premier, referring to a program similar to the Langley clinic's, "is a system that I think will provide better services to patients."

But for all the rhetoric, no one expects the Ontario negotiations to break the Canadian fee-for-service mould. About two-thirds of Canada's 57,000 practising physicians work primarily on a fee-for-service basis. According to Statistics Canada's latest figures, they earned an average of about $116,000 in 1995, after paying their overhead. And some doctors—including highly paid surgeons and physicians who run lucrative, high-volume practices—see no reason to change the way they are paid. "The Harris government may want to push reform," says Dr. Michael Rachlis, a Toronto-based health-policy analyst. "And most family physicians want reform, because good physicians are paid poorly under the present system." But the Ontario Medical Association, which represents the doctors, wants any reform measures to wait at least three years, until pilot projects in the province have run their course.

Medical associations, in fact, tend to resist change, partly because they represent physicians with radically different opinions about how they want to be paid. "Medical associations are like labour unions," says Dr. Garey Mazowita, a senior official at the Winnipeg Regional Health Authority. "They haven't led the charge in looking at innovative methods." And for all the interest in alternative payment systems known variously as rostering and capitation, a core group of doctors remains suspicious of change from the fee-for-service world they know. "There's a feeling," says Dr. Mark Heywood, president of the Manitoba Medical Association, "that capitation is a way for governments to claim unlimited work from doctors for limited remuneration."

But the pressures for change may soon become irresistible. A Canadian Medical Association survey of its 48,000 members last year showed that 67 per cent—and 72 per cent of those under 35—want something other than fee-for-service. "There's been a groundswell across the country over this," says Mazowita. "There's a feeling among doctors that you can't deliver efficient, cost-effective health care because the system has too many incentives to do the wrong thing. Doctors aren't saints, and there can be a temptation to stop treating patients as individuals, and just process a lot of them."

The system is falling into disfavour for other reasons as well. Too often, fee-for-service payments fail to compensate physicians for activities that are an integral part of modern medicine—conferring with other doctors, doing stacks of paperwork and keeping abreast of medical research. And in thinly populated parts of the country where some specialists see relatively few patients, the fee-for-service model can fail to provide enough income to keep doctors on the job. In the face of these pressures, CMA president Dr. Hugh Scully sees the trend towards alternative payment methods continuing. "We don't think there is a *best* way of paying doctors," he told *Maclean's*. "But 10 years from now, I think we will have less fee-for-service and more doctors will be on salaries and other forms of payment."

Many Canadian physicians are already working under alternative payment systems. They include salaries for doctors in hospitals and other institutions and contracts for physicians in rural areas, as well as lump-sum payments for physicians working occasional hospital shifts. About one-third of Manitoba's 2,000 physicians are working under non-fee-for-service systems. In British Columbia, nearly a quarter of the 7,500 doctors practise under alternative payment systems, as do 24 per cent of the 1,930 physicians in Nova Scotia, where pilot payment programs are being set up in four communities. "For years, we had a real problem staffing emergency rooms in rural areas," says Dr. Dan Read, a senior official of the Nova Scotia health department. "After putting many hospital physicians on contract and offering cash incentives for some jobs, that's not a problem at all any more," adds Read.

Meanwhile, in a three-year pilot project jointly backed by the Ontario government and the OMA, physicians in seven communities are testing new health-care delivery and payment models. In Chatham, 80 km east of Windsor, Dr. Brian Gamble and nine other family practitioners are setting up an experimental practice aimed at finding a way to encourage doctors to practise in areas where physicians are needed. Patients will agree to receive their basic health care from one of the doctors, or—when that doctor is not available—another member of the group. That is typical of a rostering model in use elsewhere for many years. But in Chatham there is a twist—under a complex payment arrangement, the doctors will still bill for each service according to a formula that provides both a floor and a ceiling. The scheme's proponents say it is designed to allow doctors to earn a good income while practising effective medicine. "I'm not sure what the best way is to provide high-quality care," says Gamble. "Maybe we'll know more when we've tried this system."

Even then, he predicts that the health-care system and doctors' payments will not stand still. "It's like sailing a boat," says Gamble. "You have to continually adjust for wind and currents." Just as the health-care system is adjusting now to the drumbeat of change, the new therapies, fluctuating economic realities and emerging diseases of the future will inevitably keep the practice of medicine—and the way physicians are paid—in a state of constant evolution. ■

The queen of drama

Film star Emily Watson shines in *Angela's Ashes*

British actor **Emily Watson** likes tackling tough dramatic roles that other actresses tend to shy away from—and it has certainly worked to her advantage. Watson was nominated for an Oscar for her role as a pious heroine who sacrifices everything for love in the 1996 film *Breaking the Waves*. And she received another nod from the academy last year for her portrayal of cellist **Jacqueline du Pré**, who died of multiple sclerosis at age 42, in *Hilary and Jackie*. And now, Watson can be seen on the big screen as the title character in *Angela's Ashes*, the film adaptation of **Frank McCourt**'s depressing memoir of growing up poor in Limerick, Ireland. "My roles in the past *have* been quite emotional and harrowing," says Watson, 33. "But Angela is different. Hers is a more restrained drama, not as passionate."

Besides *Angela's Ashes*, Watson is also appearing in the ensemble comedy *Cradle Will Rock*, co-starring **Susan Sarandon** and **John Cusack** and directed by **Tim Robbins**. "It was such a fun film to make," says Watson, who was born and raised in London, where she still lives with her husband, fellow actor **Jack Waters**. "It was just like hanging out in New York City with a group of friends." She would love to do more comedy, but realizes that some directors have typecast her as the suffering, vulnerable woman. "I know that when people are casting for a comedy the name Emily Watson doesn't come up," she says, smiling. "But I'm hoping to change that."

Watson believes part of her celluloid success can be attributed to the fact that it took three tries to get into drama school and that she didn't become a professional actor until her mid-20s. "I think the more experience you have in life, the more you have to draw on when acting," says Watson. "Young actors have had no setbacks, and you need that struggle to give you strength."

Watson would like the chance to try more comedic roles

The boys are back in town

During the 1990s, the Kids in the Hall comedy troupe was renowned for spoofing the taboo, AIDs, gender-bending and even suburban values felt the sting of their satire. Now, after a four-year hiatus, the Kids are back, reunited for a 19-city North American tour. The show, which features old and new material, opened two weeks ago in Vancouver, and hits Toronto from Jan. 26 to 28 and Montreal on Jan. 29 and 30. Thanks to daily *Kids in the Hall* reruns on The Comedy Network, the group is attracting a new crop of fans who for the first time are experiencing such characters as gay icon Buddy Cole and the demented Headcrusher. "We're not the Rolling Stones, we don't really tour," says Kid **Mark McKinney**. "But we seem to be on the uptick. The sketches come right back, you never really forget. And we tease each other in exactly the same way."

The Kids disbanded after their 1996 movie, *Brain Candy*, failed at the box office—but each has been busy with solo projects. **Dave Foley** starred in the sitcom *NewsRadio*. McKinney had a stint on *Saturday Night Live*, appeared in a slew of movies spun off from that show, and recently won raves for his work in the Broadway show *Fuddy Meers*. **Scott Thompson** had a standout role on television's *The Larry Sanders Show*, while **Bruce McCulloch** split his time between acting and movie directing (*Dog Park*, *Superstar*), and **Kevin McDonald** appeared on *Drew Carey* and *Friends*.

Do the Kids, who are now in their 30s and 40s, have any regrets about their demographically specific moniker? "I gleefully embrace it—I love the fact that I'm older and still calling myself a Kid," says 40-year-old McKinney, who pauses suddenly. "I can't believe I gave you my real age."

McDonald (left), Thompson, Foley, McKinney and McCulloch: reunited

Bob Levin

Losing the gotcha game

Mike Tyson was at it again last week, assaulting people's ears. Iron Mike was in England this time, there to knock over an English tomato can named Julius Francis, and he was getting pretty peeved about a women's group that wanted him banned from Britain because he'd once been convicted of rape "They are just a bunch of frustrated women who want to be men," Tyson railed, then slagged their husbands for good measure. This barely caused a blip in the media and certainly no talk of cancelling the lucrative fight—what are a few offensive words next to biting off an opponent's ear? And hey, it's sports, right? The same field in which Atlanta pitcher John Rocker, while dumping all over New York City recently, spewed special bile on blacks, gays with AIDS, Asian women drivers and foreigners in general—"How the hell did they get in this country?" Big reaction to that one—but no chance Rocker will lose his job The guy has a 95-m.p h fastball!

Which brings us to one Avery Haines, a CTV NewsNet anchor who got canned last week for making an open-mike joke Beyond that obvious mistake, Haines committed two other crucial errors she was (1) in the wrong field, and (2) not enough of a star in that field—in other words, expendable when CTV brass felt the predictable heat of public outrage Score one for sanctimony

For the record, Avery Haines is 33, a 12-year veteran of Toronto's CFRB radio who'd made the jump to TV only two months before her fatal faux pas in the morning hours of Jan 15 This is what she did first, she flubbed her lines while introducing a taped report Then, thinking that tape would never air, she joked "I kind of like the stuttering thing. It's like equal opportunity, right? We've got a stuttering newscaster We've got the black, we've got the Asian, we've got the woman I could be a lesbian-folk-dancing-black-woman stutterer" When someone in the studio joined in, she went on: "In a wheelchair. . . with a gimping rubber leg. Yeah, really I'd have a successful career, let me tell you." She then retaped the segment, minus the stuttering and the joke—only to have a colleague inadvertently run the wrong one. Haines's public apologies—for her "insulting and derogatory" remarks—were not enough to save her job

OK, this is not a national tragedy, and Haines, whose story was widely reported in the American media as a case of political correctness gone berserk, will undoubtedly find other gainful employment But it's worth examining what happened here. A woman made some flip, crude comments of the sort uttered routinely in locker rooms if not offices across the land, but never to be mouthed when a mike's around Minority and disabled groups complained, which is fair enough—it's their *job* to leap to their members' defence But were Haines's remarks, however coarsely worded, really aimed at minorities in the same way that, say, John Rocker's were? Of course not In fact—and this is critical—they were spoofing not minorities but, first, the stuttering anchor herself and, second, official government policy on employment equity.

As a Canadian Radio-television and Telecommunications Commission document explains it, Ottawa is committed to correcting "the conditions of disadvantage in employment experienced by women, Aboriginal Peoples, persons with disabilities and persons who are, because of their race or colour, in a visible minority in Canada, by giving effect to the principle that employment equity means more than treating persons in the same way but also requires special measures and the accommodation of differences"

In other words, hire minorities, as the CRTC spells out in its licence for the all-news network, encouraging CTV "to promote equitable representation in on-air staff positions" Meaning, if you're a minority newsperson, to be deeply offended by Haines's joke is to deny the reality of an enlightened policy that has led to many excellent hires Did colour help you get in the door? Maybe, so what? Did you have to prove yourself afterward? Absolutely

Then there's the matter of Haines's relative obscurity What would have happened to her if, say, she'd called the Roman Catholic Church "the greatest criminal organization outside the Mafia"? She'd have been canned, of course But that's what CBC Radio's Michael Enright said three years ago, and he's since been promoted to the prestigious *This Morning* post Would Haines have been axed if she'd repeatedly trashed foreigners? Yep But that's what Don Cherry does on *Hockey Night in Canada*, and the ratings, not incidentally, are boffo Let's not even mention Howard Stern

Certainly words can be offensive enough to warrant firing Golf commentator Ben Wright, for instance, got sliced from CBS's payroll in 1996 after telling a reporter that lesbianism was hurting the women's tour, and that female golfers were handicapped because "their boobs get in the way." Wright wasn't joking, and deserved what he got. But Avery Haines? C'mon Let's talk about what's really offensive, like a filthy-rich hockey owner trying to score millions in tax concessions, or people dying because they can't get into emergency rooms while politicians deny their cutbacks have anything to do with it. Or baseball sending Rocker for psychological evaluation, as if bigotry were a mental disorder and not an all-too-common set of attitudes, passed down from generation to generation The guy's a redneck, OK? There are millions of them, Rocker could probably get elected to something

Avery Haines? Just the latest loser in the gotcha game We should all grow up

Celebrate the Year of the Dragon at SkyDome

Experience a feast for the senses at Canada's largest Chinese millennium celebration, The 2000 Canadian Airlines Chinese New Year Festival, Friday, February 4, through Sunday, February 6, 2000, at SkyDome. Last year over 203,000 visitors joined the Festival that celebrates the past, the present and the future of Chinese culture

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Opening Ceremonies

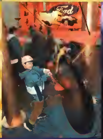
7:00 p.m. to 8:30 p.m.

Saturday, February 5

11:00 a.m. to Midnight

Sunday, February 6

11:00 a.m. to 9:00 p.m.



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Celluloid sorceress

A Canadian unveils her first feature at Sundance

Cheechoo: 'If I wanted my stories to be told, I would have to make them myself'

Thanks to Shirley Cheechoo, Robert Redford now understands the Cree practice of "bear-walking." In 1998, the 45-year-old Cree filmmaker from Manitoulin Island, Ont., had to explain the concept to Redford and other instructors—including actress Kathy Bates—when she spent two weeks at a directing workshop at Utah's Sundance Institute, founded by Redford. A form of Indian sorcery, bear-walking is the driving force in *Backroads*, a new feature written and directed by Cheechoo, which opens on Jan. 25 at the institute's annual Sundance Film Festival. To Cheechoo, the chance to showcase her movie and her culture at the festival is a little overwhelming. "I never set out to be a filmmaker," she says. "But I realized that if I wanted my stories to be told, I would have to make them myself."

Backroads, which features a cast of native and non-native actors, tells the story of Ella Lee, a native mother who is assaulted physically, mentally and emotionally. As the story unfolds, it becomes clear that these misfortunes are not accidental but the result of bear-walking (translated from an Ojibwa word), a practice that exists in many North American native cultures. A bear-walker can transform him- or herself into a bird, insect or other creature in order to stalk another person. The victim often dies, goes mad or suffers a physical collapse. To many, bear-walking is not a myth but a reality. In 1997, an Ontario youth who bludgeoned an older man to death was acquitted on manslaughter charges after pleading that he believed he was defending himself against a bear-walker. Even the skeptical are careful to speak cautiously of the practice. "It's like selling yourself to the devil," says Cheechoo, who adds that she was once herself pursued by a bear-walker, and broke the spell with the help of an elder. "To become a bear-walker you must sacrifice someone you love. Often, someone in your family will die."

The debut of *Backroads* marks a watershed for Cheechoo, who has transcended six years of abuse in a government-run residential school and later trouble with drugs and alcohol to become a respected actor, writer, painter and filmmaker. In 1997, her first movie, the 23-minute autobiographical short *Silent Tears*, was selected for Sundance. Told from the perspective of a nine-year-old girl, it is the stark tale of a woman in a trapping camp who has to perform surgery on her ailing husband with a pair of scissors.

Cheechoo herself had a mostly idyllic early childhood on the traplines with her parents and her brother. Then, at 9, she was sent to the residential school. One teacher beat her and said her parents would die if she ran away. Another cut her hair as punishment, and then encouraged the other children to taunt her with the nickname "Woody Woodpecker." Cheechoo left the school at 15 and went on to struggle with substance abuse. At 23, she almost killed a friend while drunk, clubbing him with a two-by-four. The incident spurred her to embrace a healthy lifestyle, which unlocked her artistic expression. "When I began my work I wanted revenge on people for what they had done to me as a child," says Cheechoo. "Once I had healed, I began to look for things in my culture that I could use to reflect reality."

Cheechoo has interpreted that reality in many artistic arenas. She has acted onstage, starring in works by aboriginal playwright Tomson Highway, and in TV programs including *The Rez*. Her 1991 play, *Path with No Moccasins*, won critical acclaim. Her paintings, which she creates in the Manitoulin Island home studio she shares with her husband of 23 years, artist Blake Debassige (they have a grown son), are sought by private collectors and featured in a number of children's books.

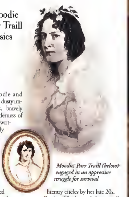
Backroads has been three years in the making. Cheechoo shot it on Manitoulin Island over 24 days in 1998. She is now at work on her next screenplay, *Strings*, a dark comedy about two aboriginal fraternal twins who are separated at birth and later fall in love, get married and have a baby. Wry humour is a constant in Cheechoo's work. Even some of *Backroads'* most harrowing scenes are peppered with farce. "That's how you counter trouble," she says. "And that's how you fight bear-walking. You must consciously send out warmth and love, otherwise the negativity feeds on itself and ultimately destroys you." Shirley Cheechoo is master of another kind of sorcery, and it's called art.

Andrew Clark

Dogged ladies of Upper Canada

Sisters Susanna Moodie and Catharine Parr Traill created literary classics out of pioneer hell

Sisters in the Wilderness
By Charlotte Gray
Penguin, 376 pages, $35



Moodie, Parr Traill (below): engaged in an oppressive struggle for survival

The names Susanna Moodie and Catharine Parr Traill conjure up dusty images of doughty pioneer wives, bravely carving out a place in the wilderness of 19th-century Upper Canada, writing about it, and living happily ever after in cozy log cabins. The reality, however, is infinitely more interesting. In a vivid new biography, British-born, Ottawa-based writer Charlotte Gray peels away the hoary stereotypes to reveal the tumultuous lives of two sisters whose prolific writings added immensely to cultural life in the young colony. *Sisters in the Wilderness* is a meticulously researched historical account graced with the narrative drive, elegant prose and complex characters of an accomplished novel.

The Strickland girls, as the sisters were born (Catharine in 1802, Susanna in 1803), grew up amid prosperity in Suffolk, England. But the death of their businessman father in 1818 left his widow, six daughters and two sons in greatly reduced circumstances. Like her unmarried elder sister Agnes, who later achieved fame and fortune as a royal biographer, the fiery Susanna concluded at a young age that her only entrée into better society would be through writing. Against considerable odds, she established herself as a rising star in London's literary circles by her late 20s.

But her life changed dramatically when she decided to wed an ebullient but poor Scottish officer, John Moodie. Just over a year after they married, she was on a ship to Canada with the first of their seven children. Her sister Catharine crossed the ocean at the same time on another boat with her new husband, Moodie's lugubrious friend and fellow Scot, Thomas Traill. The cosmopolitan four had no idea what they were getting into. Instead of the rich farmland and social elevation they had anticipated, they found themselves in an oppressive struggle for survival.

The details of the life that prompted Susanna to write her best-seller, *Roughing it in the Bush*, and Catharine's far more sanguine but almost equally popular *The Backwoods of Canada*, are harrowing. The two families homesteaded in a beautiful

but rugged area about 15 km north of Peterborough, Ont. The hard labour of clearing and planting was too much for the two ex-army-officer husbands. Many times, it was their wives who made the crucial difference. On one occasion, Susanna had to get her brood out of their burning cabin in the middle of a sub-zero winter night while her husband was away. As the pine roof began collapsing, she dragged heavy dresser drawers into the snow, lining them with blankets and putting a child in each one. They all survived, but it was one of too many near-disasters. After less than a decade, both families admitted defeat. The Traills drifted from one ramshackle but cleared local property to another, while the Moodies retreated to Belleville, Ont., where John took a government job.

Gray has done a superb job of using the sisters' newly published correspondence, as well as archival material, to reconstruct their family lives. Despite Susanna's often difficult temperament and ambivalent attitude to motherhood, she and her husband sustained a passionate relationship. He was her muse, inspiring her to churn out endless manuscripts, ranging from poetry to fiction to accounts of pioneer life. After his death when she was 65, she wrote virtually nothing. She died at 81, still mourning his loss.

The warm, intensely maternal Catharine, on the other hand, was saddled with a chronically depressed mate. Although she bore nine children—the last at 46—she wrote furiously throughout her marriage, partly to bolster the family's wretched finances. After her husband's death when she was 57, she never looked back: together with an artist niece, she published a book on local botany—her life's obsession—which was hugely successful. She was still scribbling a few days before she died in her sleep at the age of 97. These remarkable women deserve far more attention than they have received, and Gray's biography is a winning remedy for the oversights of history.

Patricia Chisholm

Father of medicare

Tommy Douglas: The Fight of a Lifetime
(CBC, Feb 1, 9 p m)

There has perhaps never been a more fitting time to reflect on Tommy Douglas, the feisty prairie leader who spearheaded the fight for medicare in Canada. Today, the system he helped shape is under assault from all sides Defenders can only dream that a leader with Douglas's vision will one day come along. *Tommy Douglas The Fight of a Lifetime*, airing on Feb. 1 as part of the CBC's *Life and Times* documentary series, chronicles his journey from working-class kid (born in Scotland in 1904, he moved with his family to Winnipeg in 1919) to Baptist minister to political visionary (he retired in 1979 and died in 1986). Douglas was the leader of the Co-operative Commonwealth Federation, premier of Saskatchewan and the first steward of the New Democratic Party His greatest achievement, medicare—which he brought to Saskatchewan in 1961—was both a personal and public quest. At 8, Douglas almost lost a leg because his parents couldn't afford an operation to save it (a surgeon eventually donated his services)

Directed by Julia Bennett, the 44-minute documentary includes interviews with his daughter, actress Shirley Douglas, and his grandson Kiefer Sutherland. The archival footage contains several clips of Douglas's speeches, which still sparkle with eloquence "Man is now able to fly through the air like a bird, swim beneath the sea like a fish," Douglas once said. "He's able to burrow beneath the ground like a mole Now, if he could only walk the earth like a man, this would be paradise "

Andrew Clark

Allan Fotheringham

Lunch with Jan Wong

All my friends are appalled when I tell them I'm to have lunch with Jan Wong. I tell them not to worry, I'm wearing not only a flak jacket but a hockey goalie's protective cup.

Jan Wong has become instantly famous for her brilliant weekly *Globe and Mail* feature known as Lunch with Jan Wong. Wherein she invites some second-tier Hollywood actor or celebrity wanna-be—all of them expecting a puff piece. Wherein she takes them to some obscure Ethiopian restaurant, feeds them snake bellies and watches them squirm.

She specializes in shock personal, telling readers as a young girl she massaged the erect penis of an older man with Vaseline, and in a foreign country (the United States) had trouble finding Tampax at "that time" of the month.

The latter so enraged Jeff Simpson, the *Globe*'s earnest Ottawa hand, he wrote a column entitled "Welcome to me, myself and I"—a hilarious parody of the entire clutch of new *Globe* female columnists who are fascinated with nothing except themselves.

In 1997, she met with *Maclean's* editors to discuss employment and said she wanted the back page. Editor Bob Lewis said that space was not available. The newsroom grapevine has it she then told *Globe* editors she had been offered a job at *Maclean's* (technically true, I suppose) and got a huge raise that ticked off the regulars who knew the real story.

We sit down at Biagio's on King Street East in Toronto. She puts down her notebook. I put down my notebook. She puts down her tape recorder. I put down my tape recorder. The only thing missing are the food-tasters.

She fiddles with her recorder, aping confusion. I've heard of her Little-Girl-Lost act before. "So I hear you tried to take my job. I like ambition." She ignores this, stating that since the subject is my book, she is paying and she will ask the questions.

"How old are you?" She ignores this. She orders grilled calamari as a starter. She comes from a well-fixed Montreal family. Her parents used to go on ocean cruises. She is small. Her wardrobe would be described as undistinguished. She wears no rings, no jewelry.

In her left hand she brandishes both fork and pen and stabs the calamari from straight above, as if she wants to assassinate it rather than eat it. The only other person I have seen eat this way is Joe Clark, not a comparison to be sought.

Suddenly she blurts. "47. I'm a Leo. Leos are supposed to be ferocious. I'm not. I'm nervous, scared, my hands shake." Oh yes, the Little-Girl-Lost schtick. Getting tiresome.

She has a strange fixation about my height (I'm a big man). "Does size matter?" I ask her. "I'm not obsessed with it." She takes notes furiously, which puzzles me. Why is she taking notes when she's recording everything? She orders pasta. "What does your husband do?" She ignores it.

I leave the room, only briefly. As I re-enter, she is standing up, leaning over the table, monkeying with my tape recorder. She sits down quickly. It is a ruse. It is not a tape recorder at all. It is an old Sony Walkman I found in a drawer.

I gaze at her and, horrified, turn away quickly. There is a large blob of tomato paste hanging on her chin. It is like, at a formal banquet, realizing your date across the table has left parts of her dinner on her cheek.

Not knowing what to do, I fumble for an innocuous question. "Are left-handed people different from right-handed people?" She: "Yes, we're sexier. I had to give you one good quote." She blurts out. "He has a PhD in computer software."

Reluctantly, I venture another peek. The stubborn tomato blob refuses to budge. An honourable man, I am torn between informing the lady and letting her regain her dignity—and the delight in the delicious spectacle of the Killer Queen of Lunch looking absolutely ridiculous. It is a terrible moral dilemma.

It is clear she has not dipped very deeply into my (best-selling) book—alleged reason for the lunch—since the story of how I got to Lady Di's funeral is well explained on page 156. In her column, she gets the facts completely wrong, relying instead on stale newsroom gossip.

"How much do you make?" she demands. I explain to her that I will be completely honest with her, quite straightforward: "I make almost as much as I am worth." I follow: "How much do you make?" Answer: "Not as much as you, honey."

So, I explain, I am somewhat older than she is and, when she gets to my age, if she is not making as much as I am, we will then know whose fault it is, now won't we, Jan? She is not amused. She is not amused by anything. Amusement is not her gig. I wonder what she does for fun.

The proprietor tells me no one tips below 15 per cent here. Jan Wong's boss is the richest man in Canada, Ken Thomson. On a $70 bill, she leaves an $8 tip. Her chin is now naked.